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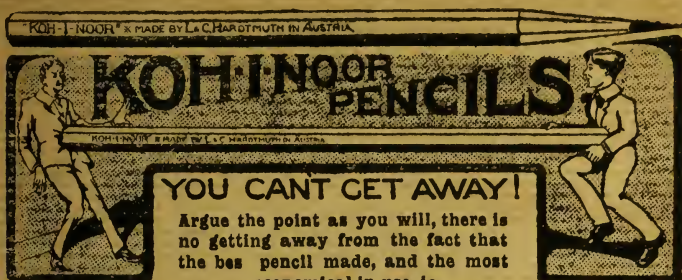
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CONTENTS.

PREFACE	ix-xv.
HOW TO START IN BUSINESS	1
HOW TO PURCHASE A BUSINESS	5
HOW SUCCESSFULLY TO DISPOSE OF A BUSINESS	7
HOW TO INCREASE BUSINESS	12
HOW TO BE SUCCESSFUL IN BUSINESS	17
METHOD IN BUSINESS.. .. .	21
ON SPECIALISING IN BUSINESS	24
WHY FOREIGNERS SUCCEED IN BUSINESS	27
HOW TO ADVERTISE FOR BUSINESS	31
AFFINITY OF MIND AS A FACTOR IN ADVERTISING	34
HOW TO TALK BUSINESS	39
HOW TO ILLUSTRATE BUSINESS LITERATURE	42
BUSINESS SYSTEMS	49
HOW MERCHANTS CAN INCREASE THEIR BUSINESS WITH ABROAD	52
HOW TO KEEP PROPER ACCOUNTS	57
HOW TO TRAIN BOYS FOR BUSINESS	61
HOW TO OBTAIN ADDITIONAL CAPITAL	64
HOW TO NEGOTIATE A PARTNERSHIP.. .. .	66
HOW TO SELECT AN ACTIVE PARTNERSHIP	70
HOW TO SELECT A SLEEPING PARTNERSHIP	73
HOW TO OBTAIN A PARTNER WITH CAPITAL	76

872780

	PAGE
POINTS ON PARTNERSHIP LAW—	
(1) WHAT IS A PARTNER	78
(2) CAPACITY OF PARTNERS	80
(3) THE PARTNERSHIP DEED	82
(4) THE PARTNER AS AGENT	85
PARTNERSHIP INSURANCE	89
PARTNERSHIP RESPONSIBILITIES	90
THE VALUE OF EXPERIENCE	94
HOW TO "FIND THE WAY THROUGH"	95
THE CULPABLE INEFFICIENCY OF OUR CONSULAR SERVICE	99
THE FUTURE COMMERCE OF BRITAIN	102
HOW TO PATENT AN INVENTION.. .. .	106
COMPULSORY PATENT LICENCES	110
HOW TO SELL AN INVENTION	113
HOW TO REGISTER A TRADE MARK	116
HOW TO INVEST SPARE CAPITAL	120
POINTS INVESTORS ARE UNABLE TO GRASP	124
HOW TO READ A PROSPECTUS	126
THE COVER SYSTEM EXPOSED	130
DEBENTURES AS AN INVESTMENT	135
SOMETHING ABOUT "A1" AT LLOYDS	140
WHO ARE LLOYDS?	142
WHY THE PUBLIC KNOW SO LITTLE OF LLOYDS	143
LLOYDS PROMPT AND LIBERAL SETTLEMENTS	144
HOW TO INSURE AT LLOYDS	145
RATES AT LLOYDS	146
LLOYDS FIRE POLICY	149
LLOYDS COMBINATION POLICY	150
HOW TO INSURE (FIRE AND LIFE)	152
DEALING IN LIFE POLICIES.. .. .	160
SURRENDER VALUES	163
HOW TO ACT WHEN IN FINANCIAL DIFFICULTIES	165
HOW TO COLLECT DOUBTFUL DEBTS	167
BUSINESS EXPERTS	168
JOINT STOCK ENTERPRISE	172

	PAGE
HOW TO PREPARE A COMPANY PROSPECTUS	175
HOW TO HAVE A PROSPECTUS "SET".. ..	183
HOW TO ISSUE A PROSPECTUS	187
HOW TO ADVERTISE A PROSPECTUS	189
HOW TO ARRANGE AN ALLOTMENT	193
CONCERNING UNDERWRITING AND BROKERAGE ..	195
FASHION IN INVESTMENTS	198
CONVERSION OF BUSINESSES INTO PRIVATE OR PUBLIC COMPANIES	199
ADVANTAGES OF TRADING AS A COMPANY.. ..	200
NO LIABILITY TO BANKRUPTCY	202
FACILITIES FOR CARRYING ON BUSINESS AFTER DEATH OF PROPRIETOR	203
DISSOLUTIONS EASILY EFFECTED WHERE BUSINESS IS A COMPANY	203
EXAMPLE OF CONVERSION.. ..	204
FACILITY FOR DIVIDING BUSINESS AMONG FAMILY.. ..	205
CHANGES IN PERSONEL OF BUSINESS EASILY EFFECTED..	206
INTRODUCTION OF FRESH CAPITAL READILY ARRANGED ..	207
FACILITIES FOR BORROWING	207
YOUR POSITION IF YOU LIMIT YOUR LIABILITY	209
ONE MAN AND PARTNERSHIP COMPANIES	209
THE MODERN DICK WHITTINGTON	219
HOW CAN I FORM MY BUSINESS INTO A COMPANY ..	220
EVERY BUSINESS MAN SHOULD LIMIT HIS LIABILITY..	221
STATISTICS	221
A FEW DEMONSTRATIONS OF THE ADVANTAGES OF LIMITED LIABILITY	224
COMPANY NOTES.. ..	230
ALL THAT A COMPANY HAS TO DO	236
BOOKS WHICH MUST BE KEPT	236
DOCUMENTS TO BE FILED	237
HOW TO RECORD MINUTES OF DIRECTORS' MEETINGS	241
DISTINCTION BETWEEN COMPANY AND CORPORATION	247
ANCIENT AND MODERN CHARTERED COMPANIES ..	248
RISE OF JOINT STOCK ENTERPRISE	249
NEW COMPANIES REGISTERED IN ENGLAND	251

	PAGE.
COMPANY LEGISLATION SINCE 1862	252
WHAT COMPANIES MAY OR MAY NOT REGISTER.. ..	254
REGISTRATION WHEN COMPULSORY	255
REGISTRATION WHEN IMPOSSIBLE	256
ASSOCIATIONS FORMED FOR PURPOSES NOT OF GAIN	256
REGISTRATION WHEN OPTIONAL.. .. .	257
REGISTERED FRIENDLY SOCIETIES	258
UNREGISTERED FRIENDLY SOCIETIES	259
CONDITIONS OF REGISTRATION	260
INDUSTRIAL AND PROVIDENT SOCIETIES	261
BUILDING SOCIETIES	262
INDUSTRIAL ASSURANCE COMPANY	264
LIFE ASSURANCE COMPANY.. .. .	265
BANKING COMPANIES	269
COST BOOK MINING COMPANIES	271
A CHARTERED COMPANY	271
COMPANIES INCORPORATED BY SPECIAL ACT	272
REGISTERED COMPANIES	274
RAILWAY RATES	275

APPENDIX—

TABLE OF FEES PAYABLE FOR REGISTRATION OF PRIVATE
OR PUBLIC COMPANY

COST OF ADVERTISING A PROSPECTUS

BOOKS FOR BUSINESS MEN

ANNOUNCEMENTS.

PREFACE.

THE title of this Book indicates its contents. It is designed to assist the busy progressive business man, and is founded upon many years' practical business experience. It deals with subjects which hitherto have received but scant attention ; business transactions which, in the aggregate, employ the greater portion of British commercial capital ; undertakings which, perhaps singly, are insignificant as compared with those huge combinations of capital by which they are over-shadowed.

It is strange that whilst we believe ourselves pre-eminently a commercial nation, it has been left until the present day to produce a series of articles on subjects which are so closely allied to success in commercial careers.

Customs change in this age of strenuous competition, and it is most necessary that the business man should possess himself of all helpful knowledge, and in issuing this book the Publishers are actuated with the hope that the contents will prove of real service.

Having regard to the number of congratulatory letters received from those who have read some of the contents as they appeared in pamphlet form, or as articles in the press, and to the large demand which has arisen for copies since the announcement of its publication in the present form, the Publishers feel assured that the book will be warmly received, and that a proportionate circulation will result.

On every side we see unmistakable signs of the return of a more robust and healthy condition of commercial affairs. We have experienced—there is no denial possible—a rude awakening. We have been roused from our slumbers to find

that during our long sleep the enemy has crept too near our lines. Some even will have it that decay has set in, and they prognosticate the fall of the Empire; a prophecy which will not be fulfilled, at any rate, for many centuries to come.

Like the larvæ of certain insects, the commerce and customs of a country may be said to change their form several times during their progress of development towards a higher condition of life. As with insects, so with countries, these changes of form vary according to circumstances. The period intervening between them may be hastened or retarded by unfavourable influences, such as over-production, war, unwise and reckless speculation and expenditure. British commercialism, during the last decade, has been more or less checked in the progress of its metamorphosis.

The first stage was the failure to see the rocks ahead—the failure to trim sails—the under-estimating of the strength of power of her rivals; the second, over-production and lack of decisive action; the third, loss through reckless speculations in mining propositions by the “get-rich-quick” class; the fourth, war, expense and disaster; the fifth, exhaustion and resignation to the seeming inevitable, such as follow the struggles of a bird with clipped wings; the sixth, a condition of inertia—a comatose state—without life, thought or initiative; the seventh, the lack of perspicacity, and the failure to pass the legislation necessary for the protection of industries; the eighth, the slow awakening, starting with a desire of improvement and reform on a ridiculous scale.

But the confusion inevitable from such a state of affairs is passing away, and we hope will soon have entirely departed. The din of accusation and denial of danger have been succeeded by sober discussion, and with false security displaced by the confidence born of level-headed determination, we are steadily and orderly moving forward. The character of John Bull for energy and acumen, will, no doubt, be sustained, and history will repeat itself.

The time is fast approaching when every conceivable form of reasonable enterprise can safely be warranted, and, if well handled, will be successful.

The dawn of a new era of commercial prosperity and greatness is breaking over this Empire, and “I see in my mind a noble and puissant nation, rousing herself like a strong man after a sleep, and shaking her invincible locks; I see her as an eagle mewing her mighty youth and kindling her undazzled eyes at the full mid-day beam.”

The Japanese Alliance was a master stroke of foresight and diplomacy, the “entente cordiale” is an undisguised blessing,

between us and the United States there exists mutual goodwill, and within a measurable distance is a complete understanding with Russia.

Never has our political position been so favourable, and in summarily dealing with these facts we cannot do better than quote the following from one of our contemporaries :—

“We are all sensible that something has happened to invigorate the atmosphere about us. And we not only breathe more vital air, we tread firmer ground, we enjoy the assurance of present power, we face the future with unexpected access of energy and hope, and we feel that with a wise and resolute use of the advantages once more in our grasp, we shall have recovered, for the purposes of many and many a generation yet, the command of supreme destiny. The saving achievement has been wrought, and the Empire, which, in the sight of foreign hostility and in the faint-hearted fears of our own pessimists, was thought to be drooping, has revived as though it had emptied an alchemist's cup brimmed with the golden elixir of political youth. Through crisis after crisis of such events as leave peoples quivering in the scales, England has steadily recovered her place at the head of nations. We have exchanged splendid isolation for splendid security. To-day no one holds the power of Britain lightly or attempts futile aspersions of her repute ; if envy and malice are not extinguished, at least insolent disparagement is hushed, and the Empire over which King Edward VII. rules has recovered the pride of historic place and credit which had been impaired by the whole trend of events in a previous generation, and holds the casting vote of the world's affairs.

“What has been accomplished in the last few years is hardly more momentous than the shortness of the period is remarkable.

“The historical genius of English national life, that aptitude for decisive and sustained enterprise by which this country led the world in peace and arms, is reviving more every day.

“The moral strength of nations can no more continue without a complete sense of security than the repute and success of a commercial firm can be maintained without unimpugned credit.”

The Competitors to British Industry have had their own way for a considerable time, but “like a strong man after sleep” England is indeed “shaking her locks,” and we are about to take a turn.

Unbounded confidence in ourselves—unswerving *confidence against any force* that may be sent against us, a trait so well held by our forefathers has been again aroused among us and will be continued unto new generations. This will be the answer to our competitors.

To have confidence, a man must be a master of his craft, to be that master, watchfulness and perseverance must ever be his tools, but never should it be thought that the zenith has been reached. It is often said "what was good enough for our forefathers is good enough now," but a little consideration will make it apparent that this statement is really ambiguous, its true meaning has become corrupt. The success of our forefathers was due to the correct interpretation of the word "progress," progress demanded by alteration of conditions and the introduction of new methods, to this we must attribute their success and our inheritance. Had our forefathers been content to fetter their activities and energies by such an enervating fallacy we should now be a negligible item in the comity of nations.

The enormous growth of the world's population, the progress of civilisation the world over, the wonderful and increased facilities for travel and transport, *the strides made by foreign competitors* into what were once our exclusive markets, the enormous growth of commerce and consequent extensive distribution of Capital, all these happenings make it of the utmost importance that our commercial instincts should be cultivated by more liberal education, broader views and keener powers of observation. Travel, will prove of the utmost advantage to the keen observer, by showing him the smallness of his knowledge and increasing his breadth of view.

The general awakening, by rousing interest in our commercial affairs, and showing to us the fields which are still open and ripe for development and the application of intelligent methods, will ultimately prove our salvation.

It is with a feeling of thankfulness that we recognise legitimate reason, without undue optimism, for looking forward to the future with sanguineness.

The Board of Trade returns are decidedly satisfactory, and the reports of the Home Trade, judging by the news from the various trade centres, are very encouraging.

In spite of the warnings of the pessimists, Britain is preparing to make a great bid for the markets in the Far East, and although we have a formidable opponent in America, we shall, with a little hustling, stand as favoured competitors. Agents and travellers from the Colonies are arriving in Japan in large numbers, and no doubt there will be much British enterprise there in the near future. There are sure to be many Companies formed in that connection, which no doubt will find favour with investors here.

The City is already feeling the effects of the returning confidence which is being displayed everywhere, and last November

was able to record a greater number of appeals for Capital than any month for some time past. The depressing inactivity which has characterised the market for new issues is at last lifting, and there will be numerous opportunities for the investor to find openings for accumulated Capital.

There is sure to be a steadily increasing demand for money in trade quarters from now onwards, and it is not anticipated that the International situation or Home Politics are likely to have any appreciable effect on the expansion of British Trade which is about to ensue, although it may prevent the immediate "piping times" which might otherwise be expected. The pessimist who will take the trouble to get an up-to-date map of the world and look up the statistics of the patches marked "British" will find much food for thought.

There must be an extraordinary accumulation of Capital within the next few years, and the British Gold output will be no small factor in increasing the might of the Empire. Gold mining has now been reduced to a science, with the result that there is little of the precious metal left in the debris. There was much excitement and wild speculation in South African (Transvaal) mining shares previous to the war, when the monthly output was steadily increasing on its way to 200,000 ozs., and although in 1904 the market seemed for a short time to be galvanised into activity over the introduction of Tube Mills, and the Secondary Crushers (which resulted in a saving of 4/- per ton of ore), the contrariness of investors cannot be better demonstrated than in the apathy they continue to show; when, with these auxiliaries, the output has now reached the tune of over £20,000,000 per annum, it is curious that the market continues without life, but this condition is now likely to continue for a year or two more, until the business man, the back bone of speculation, has made money. Then, and not till then, there will be a boom, which will far exceed those on previous record. In the meantime it is probable that before a gradual improvement in prices sets in, there will be further breaks in prices, and shares will yet reach a lower level. To those who have courage, undoubtedly the better Companies' shares should be bought and taken up, and the scrip locked up in the safe ready for selling in the eventual good times to come. The output in 1901 realised £1,014,687; 1902, £7,253,665; 1903, £12,589,247; 1904, £16,054,809; and 1905 exceeds £20,000,000. Rhodesia is making progress and contributes over 400,000 ozs. for 1905, as against 267,000 ozs. in 1904, and 91,000 ozs. in 1900. West Africa has steadily increased her output. Indian mines are also doing their share, increasing their output from 500,000 ozs. in 1900, to over 600,000 ozs. in 1905. The Australian output increased from £16,000,000 in 1901, to nearly £18,000,000 in 1903, but has not since done quite so well. But even these

figures do not exhaust British Gold resources, and Canada, British New Guinea, British Guiana and Egypt, are all sources of enormous wealth where the industry is being developed with speed.

The Insurance scandals in America should serve as a due warning to British Investors of the unstable economics which control the powers that be. The baleful system of mixing politics with finance permeates every industry in the States. With the average American "Money" and "Soul" appear to be analogous, and the high financial jugglery of the operators in the stock and commercial markets is sure to bring a day of reckoning. America has made great progress and money. An immense amount in paper millions has also been created. Everyone has made money, and this is being employed in gambling in stocks at inflated prices, which is sure to end in a "bust." There are already signs that the more sober are taking a hand in protecting their country, and when the public once know and feel the position, there will be lively times for the Bankruptcy and other Courts, with a complete shaking of public confidence. American speculations are at their zenith, at any rate for the present decade, and present prices will suddenly drop to a more sober level.

There is now no need for the British Investor to go outside his own country. There will be numerous opportunities for investment in Concerns under British Control, and a market which should receive immediate favour is that of home industries, where reviving trade will give the investor the opportunity of placing his Capital in legitimate enterprises, at legitimate prices, receiving therefore legitimate profits, and corresponding legitimate rise in the value of such stocks.

The time to buy such stocks is the eve of a trade revival, when they are more or less depressed, and not when prices have reached the top. Investors will do well to look at the smaller undertakings, which are controlled by live men, and while on this subject it may be well to point out to stock brokers and jobbers that there is room for a new market for dealing in small sound dividend paying industrial concerns. Joint Stock enterprise has made great strides in its application to the smaller commercial businesses, and there is now a large amount of Capital being daily subscribed to these undertakings which must now represent a vast amount. All this business is lost to Stock Exchange members, but there is no reason why this should be so, and this class of enterprise might receive much assistance, with benefit to the country, were a recognised market for dealing therein to be established. The new registrations of small Companies far exceeds that of the large Companies, for which latter, no doubt,

the Acts were originally intended. The "Law Journal" in dealing with new registrations remarks, "It is significant that, while the big Companies show a steady decline, from 1,165 in 1895 to 415 in 1904, the small Companies have steadily risen from 1,227 in 1895 to close on 2,000 in 1904."

A Stock Exchange market for these concerns is not so impracticable as it may at first appear, and sooner or later it is sure to come into existence. The sooner the better, for both the Stock Exchange member and the Investor.

NOTICE.

IT is believed that the general plan of this work is original, even if, indeed, the detail be not unique.

But in a publication dealing with subjects, many of which are closely allied to and interwoven with each other, it is inevitable but that there should be a certain amount of repetition in some of the chapters. Where possible this has been avoided, and for what remains the editors believe that it will be found excusable.

They wish to add that they will be grateful to readers for the expression of their opinions upon this work, and will gladly receive and carefully consider any suggestions for the improvement of future editions.

HOW TO START IN BUSINESS.

THIS subject has so wide a range that a few remarks upon it cannot fail to be of interest to very many persons. We cannot attempt, within the limits of an article, to deal with individual businesses, with any prospect of practically benefiting our readers; to do so would necessitate an extension into many volumes, but we hope at some future date, to prepare and publish a series of booklets on Starting, Conducting and Improving of various businesses.

We therefore propose to confine ourselves in this article to giving a few suggestions, which we trust will be of practical value to some of our readers.

It is beyond our comprehension why a man could be so foolhardy as to embark in a business of which he has had no previous practical knowledge, or only a very superficial one. Such a course is courting certain ruin—a little floundering, and a catastrophe is the inevitable result.

It is remarkable what a large number of men there are who, during a score of years or more in a clerical position, have managed to save a little capital with a view to “starting in business,” and how strange it is to find these same men with experience of office work only behind the counter of a grocer’s shop in a new neighbourhood, endeavouring and expecting to conduct with success a business which “looks so easy.” Or to take another class whose ambition soars a little higher and who have started an office as an agent in houses, tea,

insurance. and what not, with the result that they simply fritter away their little Capital in futile attempts to establish a business of which they know nothing. Then there is the ingenious youth who has just come of age, without practical education, who has a little Capital with which he firmly believes he can set the business world on fire. There is a little trite old maxim that will hold good to the end of time—"Let every shoemaker stick to the last."

Let us once more warn every man not to attempt to establish or enter into a business in which he will be responsible for its control, unless he is first thoroughly grounded in the rudimentary principles, and is armed with practical experience to guide him.

Assuming that the necessary experience has been obtained, the next in importance is the securing of a business. The starting of a new business is not to be recommended unless there is sufficient Capital to stand a long seige, and those of the shop-keeping class should leave new neighbourhoods severely alone. The best plan is to purchase a going business, however small, providing that it has been established for a reasonable period, shows a reasonable profit, and is progressive.

Care should be taken not to entertain a business which requires a large Capital to conduct successfully. Bear in mind that the resources of the large houses are much greater than your own, and that they can afford to adopt a narrow margin of profit which in some cases it is impossible successfully to compete with. But there are businesses to be found which having surmounted the difficulties and perils of the first years of establishment, and having got the nucleus of a connection, are hampered for the want of the Capital necessary for extension; on the other hand, established businesses are continually on the market for sale for a variety of reasons such as, dissolution of partnership, death, retirement, and other causes.

Do not be in too great a hurry to get into a business, but when you have satisfied yourself that an opening is in every way satisfactory do not hesitate to secure it. Investigate all that you can. Too

much care and caution cannot be exercised in the arrangements for purchasing a business, and in all this kind of transactions professional assistance is essential. In trying to save the small outlay of the necessary practical adviser, you may run the risk of losing your entire capital.

The business having been secured, the intended method of business procedure must be carefully planned out. A clear system of book-keeping must be adopted and every detail of the business must be conducted in a systematical manner. Method and system are the very back-bone of business, without which it cannot hope to succeed. It is amazing the number of businesses, otherwise promising, which have failed for want of system; and the more a business grows, the more is system needed.

If you feel you have got hold of a good thing, stick to it. Let no obstacle frighten you. Mountains become hills, and hills become levels when you seriously tackle them. Carefully weigh all the information you can gather, but do not attach too much importance to the suggestions of those around you.

The responsibility for decision must rest with yourself, your own capital depends upon your deciding rightly, and you cannot expect infallible advice from friends who have nothing to lose on the result. "Take each man's counsel, but reserve your judgment."

In most classes of business much benefit will be derived from the experience gained by a month or two spent abroad. A close study should be made of foreign methods and features and the knowledge thereby gained, as a rule, will result in considerable benefit.

Scan all catalogues, reports and literature you can obtain relating to your business. Don't run before you can walk; but embrace opportunities. Remember Bacon's axioms, "Young men in the conduct and manage of actions, embrace more than they can hold; stir more than they can quiet, fly to the end without consideration of the means and degree. . . . Men of age object too much, consult too long, adventure too little, and seldom drive business home to the full period,

but content themselves with a mediocrity of success. Certainly it is good to compound employment of both, for that will be good for the present because the virtues of either age may correct the defects of both."

To succeed in business make a hobby of it and make it a firm rule to put everything else aside to attend to it. Don't be an "amateur." Only by close and undivided attention during early business life do men succeed. Nature itself supplies a type of the half-hearted business man. Did you ever see a weasel pursuing a rabbit? The latter is far the swifter animal and could easily escape if it would run right away. But instead of this it makes a dash a-head of a hundred feet or so, then it turns round, looks at its pursuer, and squeaks with terror, again it runs away, each time for a shorter distance before it stops to squeak. The end is inevitable. The weasel simply means to get that rabbit if it runs to the other end of the earth—and of course it does so. Trader, don't sit down and squeak about competition and the badness of trade, but just stick to your business and your business will, in time, stick to you. There are a great many matters to consider and for this reason we recommend a consultation with a Business Expert. The Business Expert can be of assistance to everyone who is starting a business, besides giving many practical suggestions, he may possibly save his client money in various directions.

Don't be discouraged; don't be half-hearted. If you start in a race doubting your ability to win, it's dead certain that you will lose, however good you may be. Many a second-rate man has beaten one far superior to him by mere determination to win. Half-heartedness and despondency fill the bankruptcy lists.

HOW TO PURCHASE A BUSINESS.

A YEAR or two back the writer was desirous of purchasing a four wheeled dog-cart, and seeing one second-hand advertised for sale at a very moderate figure through the death of the owner, he determined to examine it. Accordingly by appointment he visited certain stables when he was volunteered the information that the much lamented Doctor (the late owner) took a pride in having the smartest of "turn-outs" and of the best quality.

All the parts which an unpractical experience suggested were carefully examined, assisted by the valuable tuition of the would-be seller on all the "important points to be considered." Certainly the dog-cart looked perfection and the would-be purchaser began to feel that "the bargain" ought to be secured. However, caution prevailed, and it was resolved to suspend decision even at the risk of the dog-cart being sold elsewhere. The following day a friend, somewhat experienced in these matters, was secured to inspect the vehicle, and the writer can picture to this day that business-like little pocket knife of his friend which probed its way into all sorts of places. His experience enabled him to at once discern faults which the eye of the novice had failed to see, but when pointed out they were patent, and a feeling of wonder was aroused at the ingenuity displayed by that dealer in second-hand vehicles, in the use he had made of a little paint, varnish, putty, black grease, sawdust and shavings. Whenever a man complains that he has bought a business, and finds to his cost it is not what he thought

it, it recalls my experience of the dog-cart. It is remarkable, especially in the sale and purchase of small businesses, how many men, through endeavouring to save the small cost of an investigation fee, lose what little capital they have, "by investing" in the purchase of a business, which in some cases is as much "doctored" as the dog-cart.

There are men who make their living, and a very good one too, by buying up businesses for a mere song, and preparing them for re-sale. In these cases, as a rule, books are not kept, or so imperfectly as to be useless, and it is surprising that so many should be gulled into purchasing businesses which either should be avoided altogether, or which are only worth one-tenth of the purchase price.

There are many points to be considered, and not the least of these are :—

(1) The length of time the business has been established. (2) How long the business has been in the present proprietor's hands. (3) The reason for selling same? (4) The general reputation and character of the owner? (5) The state of the books of account.

Always get all statements committed to writing and carefully investigate the truth of all of them.

Be especially careful to examine all the stock, and bear in mind the dummies. Assuming the business to be a retail one, ascertain whether the fittings and fixtures are the landlord's, the length and conditions of the lease, and whether the landlord will accept you as a tenant.

The many little details which should be considered vary with every class of business, and, as a general rule, it is always best to secure the services of those who are experienced in, and capable of honestly advising the would-be purchaser in all that he is undertaking.

HOW SUCCESSFULLY TO DISPOSE OF A BUSINESS.

NO day passes but brings with it the necessity for change of some kind, and not the least of these changes is that of having to dispose of a business. Businesses come into the market through various causes, commercial, personal, domestic and otherwise. It is at the moment that he recognises the necessity of taking this step that the proprietor commences to regret he has not kept proper accounts, and that he has not been sufficiently systematic in the conduct of his business.

The disposal of a business on reasonable terms will not represent a great difficulty to the man who has kept proper books and who can produce satisfactory balance sheets, trading, and profit and loss accounts, although like every other business, in order to secure the best results and the highest price, he has to get into those channels and adopt those means most likely to secure to him an advantageous as well as a speedy sale. He must bear in mind that more often than not a bargain with a possible buyer, is "nipped in the bud" through the sheer inability of the vendor fairly and reasonably to display his wares to the prospective purchaser, and to present them in the form best calculated to attract his serious consideration.

Owners of businesses often have an exaggerated idea of the value of the goodwill, and endeavour to press on the consideration of a stranger points of only minor importance.

Again, more often than not, the owner will seek to conceal his real reason for selling by giving explanations which are palpably untrue, or which are easily proved to be so after the least investigation. The result is that an honest purchaser politely declines to entertain dealings with such vendors, being naturally nervous of being "had." It is a much better plan to be straight-forward and to give to prospective purchasers a candid explanation. This may be difficult in some cases without disclosing private circumstances to Tom, Dick, and Harry, or to the inquisitive, and this would be obviously undesirable, but the difficulty can be easily removed by placing the negotiations in the hands of a really first-class agent. A person desirous of disposing of a business has only the choice of three courses—one is to advertise in the daily papers; another is to circulate his desire among friends, relying on the remote possibility of their hearing of a possible buyer; or, finally, a reliable agent may be employed.

To the first course there is the objection that the vendor must ultimately disclose his identity to people of whom he can, as a preliminary, know very little. The information that the business is in the market invariably gets round to quarters where it is least desired that it should be known. The advertiser is also unable to discern which are the *bona fide* and which are the *mala fide* enquirers. The second course does not present much prospect of a sale, and for several obvious reasons is unsuitable.

Therefore there is only one course left, and that is to consult the agent. Doubtless this last course presents the fewest objections, though much depends upon the agents consulted. Unfortunately, there are to be found in this profession a number of men who, having no real business and no capital, live by extorting preliminary fees from anyone willing to pay them. Black sheep, however, are to be found in every flock, while we are bound to mention this by way of warning, the responsible profession of business agent must not be condemned on account of a certain number of shady members who may be found in it. The one agent to avoid is the man who

confidently assures his client, without qualification, that he will effect a speedy sale, but who, in the majority of cases, is incapable of even putting the necessary precautionary questions to the would-be seller. It should not be a difficult task to ascertain who are and who are not reliable agents, but it is beyond dispute that a good agent, having an extensive business experience in handling affairs of this nature, can be of real service to his client, and stands a much greater chance of disposing of a business than the owner himself acting without his aid. An agency conducted on proper lines serves a very useful purpose. Experience has taught the agent the best form in which to present particulars of a business to a prospective purchaser, and he will, if he knows his business, take good care not to disclose the name or situation of his client's business, in preliminary negotiations. This information he will only give when he has received reasonable assurance of the prospective purchaser's seriousness, and after preliminary figures and details have been satisfactorily dealt with. The name of his principal he will keep private, until the prospective purchaser is desirous of really investigating the correctness of the information supplied him.

For the benefit of the sceptic, let me proceed to indicate the system and procedure of a first-class firm of agents.

They have an expensive card index system installed, these cards are arranged in alphabetical order and then cross indexed into class, and again into districts, and finally into amounts. Immediately a business is placed in their hands a card is made out registering the name of the client in alphabetical order, and a number is then allotted to that client; who, thereafter, is not known as Mr. A. or B. but by No. 806 and so on. Next, another card is taken whereon is first entered the reference number, but no name, and full particulars of the business, details and price asked, this card is called the class card and is placed under the class of business to which it belongs. A third card is then procured whereon is again entered the reference number and the prominent item on it is the amount asked, so that it is filed among

other business of a similar amount, and the fourth card is registered under districts. All this detail not only involves a large expenditure in files, but also requires special clerks to be permanently employed in keeping the index in order ; but it is the necessary stock-in-trade of the agent. The result is that a perfect system is established whereby the agent can at once place his hand on any class of business which may be inquired for by a prospective purchaser, and is further assisted by not having to wade through the particulars of numbers of businesses not at the moment required ; but the business is not left to the chance enquirer. The card index also registers the other side of the question, and in a similar manner by a series of cards, the requirements of those seeking to purchase businesses are registered and the firm lose no opportunity of forwarding the particulars of the seller's business, No. ——— to the prospective purchaser No. ———. It will at once be seen that by this system there is little chance of the information getting known in undesirable quarters, and that the vendor can rely on not having to employ his time unprofitably in giving particulars, or interviewing any other person than those in earnest, and who are satisfied with the preliminary particulars.

The vendor of the business must always bear in mind that the capitalist seeking to purchase a business does so with the sole object of obtaining a good return on his capital, and therefore the proposition must be put on a basis which will attract accordingly.

It is not possible to indicate any regular rules upon which to base the value of a business, as there are so many side considerations which can only be dealt with after giving full regard to circumstances, and to the class of business, but the following remark may serve as a guide, viz. :—Take all the assets and value them as a going concern, making reasonable deductions for depreciation, wear and tear and loss, then take the average net profit for, say three years, if they be on the increase (take only the last year if they be on the decrease) and deduct therefrom a sum which would be reasonable to pay a principal manager for his services, and add on to the

price asked for the assets such an amount for goodwill as will show the prospective purchaser a return of 10 % on the investment of his capital, but as much depends upon the nature of the business and other matters of importance, it is better to consult a good agent and be guided by his suggestions which are the outcome of practical experience.

HOW TO INCREASE BUSINESS.

THIS is a problem which most business men profess to study. They fret and worry because business is falling off or not increasing, and as a rule they attack the question without first of all understanding the rudimentary vital point of success. Their great conception of how to increase business is to gain as many new customers as possible, and as soon as the first order is secured their interest in those customers ceases and their whole attention is again directed to obtaining others.

Now in most businesses while the securing of new customers is of course desirable, all circumstances being equal, undue attention to this object is often a reason for non-success. I emphasize the qualification "all circumstances being equal," because this want of success arises more often than not from the other circumstances being unequal. Mere spasmodic increases in business are of no permanent value, more especially where they are brought about by some greater effort than usual—also spasmodic. The main point is generally overlooked and without close application to the study thereof, success seldom ensues: the question is "How can I best study the requirements of my present customers, and how best serve their interests?" What is the use of gaining 50 new customers if you lose 51 of the old? It matters not the class of business, the point to make a close study of is that of pleasing and serving customers with what they want, supplying them with reliable goods, at competitive prices. Care should be

taken to enquire round the district and in the trade of the prices which competitors are charging for goods. Nothing does a business more harm than for a customer suddenly to ascertain that he has been paying a higher price for a "line" than that ruling elsewhere. Often a trader feels gratified with himself for having obtained a higher price from one customer than from another but, did he know his real interest, his ultimate loss from such sharp practice is often far greater than his immediate gain. It is astonishing how rapidly "the house" gets a reputation for being "dear." A customer always resents what he may look upon as "being done."

It is also peculiar that so much apathy should be shown by some business men as to the source of supply and prices paid by competitors. The writer has on more than one occasion noted the price for one class of goods supplied by a wholesale house has been as much as 10 per cent. higher than that charged to a competitor by the same wholesale house.

Such methods of trading show an entire lack of business ability—a short-sighted policy which has "crabbed" many a new business and ruined many an old one.

To be successful in these days one must move with the times. Not that extremes should be gone to, nor that American methods should be introduced—I hope that the business life and method adopted across the Atlantic may never become universal in this country.

The business man to be successful must for ever be on the look out to improve his knowledge, to improve the quality of his goods, to cheapen his prices, and to give additional facilities to his customers, all of which are important to progress.

A man in business cannot afford to devote much attention to matters outside it. I do not hold that he must never find time for recreation, because the latter is necessary to health and health is another important factor in the building of the edifice.

"There must be work before and work behind, with leisure to fall back upon; but the leisure without work can no more be enjoyed than a surfeit."

Do not be constantly changing your hands providing they are of the "right stuff." Make your staff respect you by proving that you are the best man in your establishment. An incompetent master makes an incompetent servant. There must be no detail of your business which you do not know better, and no work connected with it that you cannot do better, than your best assistant. And you may be sure that your competence or the reverse will be quickly recognised by your helpers. Let your staff think well of you as a business man by being on your business premises punctually as soon as they are, and do not let private engagements take your time from business operations. Don't let your staff forget that you are the master, but while you are firm be ever courteous and take notice of the efforts of those of the least important. Let them individually feel you trust them, but do not relax vigilance. Do not be too exacting, and remember it is human nature to pass silently over meritorious points and to microscopically scrutinise faults. Encourage all to express ideas or opinions, and let them understand you value initiative. See that you push in those that are taking a keen interest in your business, engage earnest men of alacrity but check any inclination to be over zealous. Not any one of these details is the least in consideration in the building of a successful business.

If you issue circulars or other printed matter see that they are well done, and are not likely to be offensive either in tone or character. Your circular is your representative, and you should study to produce upon the recipient the same pleasing impression that you would do if you were to interview him personally. The possibilities of a good circular are unmeasurable, and no pains can be wasted in drawing it up. Be careful in your correspondence and aim always to convey to the recipient that you are in business to assist him.

Note down on paper every idea which occurs to you, a "common place" note book is useful for this, they will sure to come in handy sooner or later. Commit all your plans to writing, and note the results of all your past and present efforts to increase business; next jot down all

the methods open for you to adopt, think well out all the pros and cons and then choose a course to pursue. Test the result again and go over the same process and work out another method. If notes are carefully kept each mode of procedure will be found to be an improvement on the first.

If your business is not going well the time has come for you to show the stuff you are made of. I presume that you have been industrious, that you know your trade, and have observed all the most obvious rules of business. And yet, in spite of all this, the business falls off. It is yours to find the reason and to remedy it. A puzzle has been set you, and you must look below the surface to discover the answer. Are your methods antiquated?—a common fault with even able men who have been working for many years at the same industry. If so, study the methods of newer men who seem to be getting on, and of your rivals. Has your neighbourhood gone down? Then you have to consider either shifting your abode, or changing your class of goods. Is a rival under-selling you in a leading line and drawing away your customers? See if you can safely "cut your price" a bit lower—but be prudent—remember, if he is selling at a lower price than you find profitable, that he is feeling the pinch as well as yourself, keep the old line at the lowest reasonable price and look out for an attractive new line. Redouble your efforts, but don't worry. "Care killed a cat." But that is the only good thing it ever did. Worry is death to initiative, and will neither help you nor bring you sympathy if you fail. Take Lady Macbeth's words to heart, "Screw your courage to the sticking place and we'll not fail."

Should you not succeed after all in discovering the "secret canker" which is eating away your prosperity, seek the aid of an expert in such matters. This is commonly practiced in America, with remarkable success. It is singular how a clear headed man who has been trained in such investigations can often point out the weak spot which has been long overlooked by the person most interested. It is not the purpose of this book to act as an advertisement, but should any trader find himself in a

position such as we have described, we recommend him to turn to the announcements at the end of this book, and he may be put in the way of obtaining the expert service desired.

Lastly, there are many other points which are discussed under headings in this book which should give the reader further information.

HOW TO BE SUCCESSFUL IN BUSINESS.

IT is a very old story that many a promising business has been ruined owing to the simple fact that its proprietor or proprietors failed to see the necessity for keeping books.

“Too much trouble”—“too complicated”—too this and too that—until the inevitable smash proved only too conclusively that the trouble and the complication would have been well worth facing. The trouble—if it is a trouble—must be faced, and in small businesses there is no need whatever for the complicated system of book-keeping which must naturally attain to larger concerns. If a trader knows what he buys, what he sells, and what he has in stock, he has the state of his business at his fingers’-ends, and with a little patience and application there is no reason why he should not be in possession of this knowledge without any outside help.

At times he will, of course, require expert assistance. He may be able to buy boots or sell tweeds with any man in Great Britain, but, when the time comes for his half-yearly or yearly stocktaking, he will probably find that his book-keeping capacities have not kept pace with his buying or selling qualifications, and that the aid of a professional auditor will be necessary. The outlay for such aid is comparatively trifling compared with its results, and our advice to every man engaged in business for himself, or in conjunction with another—we are here referring, of course, to businesses of moderate dimensions, large concerns being quite capable of looking after them-

selves—is to call in the assistance of an experienced auditor, at stated intervals, to keep the accounts in proper order.

Then there is the question of advertising. We do not think we exaggerate when we say that the trading population of Great Britain and Ireland are sadly at sea in the matter of advertising. Our Yankee cousins can give us points in that direction, but they are, as a rule unheeded. Yankee methods—like the “four-footed beasts of the earth, and wild beasts, and creeping things, and fowls of the air” that appeared on the sheet seen in St. Peter’s trance—are common or unclean. But they “get there” all the same!

Would Thingummy’s pills, we wonder, have ever made a fortune had their proprietor been content with retailing them over the counter at No. 1, Round the Corner, in Slocum-on-the-Slosh? Would “Red and Yellow” whisky have ever reached its present popularity had its blender been satisfied with the—not to be despised—consumption of the Hielan’ bodies who inhabited the district of its birth? Would So-and-So’s soap have ever paid a dividend had its inventor—we use the term “inventor” with an inaudible chuckle—confined his advertising to the village, or town, in which he was born?

Of course not. Advertising—and advertising of an extensive, though prudent, character—placed the pills and the whisky and the soap before an ever-receptive public, and without such advertising the inherent merits of the several commodities might have been as if they had not been—which is paradoxical, but true.

There are, as everybody knows, several ways of advertising. The doctor, for example, cannot advertise in the papers—but it does not prevent him being called out of church on Sunday to attend an imaginary patient.

In Western Australia it would appear as if the doctor’s sudden call from church was becoming worn out, and that other methods of advertising were being tried. That this is so is suggested by the following, which appeared in the *Kalgoorlie Sun*, of March 13th:—
“BENNETT.—The wife of Hugh R. Bennett, Out-

ridge Terrace, of a daughter, March 11th. Both doing well under Dr. Brownless's care."

Speaking of church, the vicar cannot advertise—but his name can be included in the reported list of the attendants at a levee, while the Nonconformist clergyman can, with such a title for his Sunday evening's sermon as, say, "Elijah's Marconigram," draw an audience that pounds spent on long-drawn-out advertisements in his local press would never effect.

The stockbroker, too, if a member of the Stock Exchange, cannot advertise, but if he, in 1884, received an enquiry from some person desiring information about certain stocks or shares, what was to hinder him considering his enquirer a "principal"? and who is to say that he has broken his compact by "advising" his "principal" for the next twenty years?

Another assistance to success in business is the cultivation of a capacity for taking advice—of the right sort. The successful business man is a "sifter" of advice. He will not blindly follow every suggestion of his friends, but he will take care that suggestions which reach him are closely analysed and not thoughtlessly adopted or carelessly rejected without consideration. The biggest simpleton has occasionally an idea that it would be foolish to ignore, and everybody knows that it is not the man with ideas who makes his way in the world, but the man who knows how to use them—his own or other people's.

Punctuality is another virtue which counts for much in the race for success. It must, however, be carefully distinguished from punctiliousness.

A man may be too exact. There are men who think nothing of losing a thousand pounds in an unsuccessful venture, yet who would cavil over a halfpenny error in their butcher's bill. Punctuality and punctiliousness are two different things altogether. The punctual man will take down his shutters at the proper hour in the morning and put them up at the regulation time at night; will keep his appointments to a minute, and will pay his bills to a day. The punctilious man will alienate his customers by his over-devotion to exactitude, and an inability to give and take.

Grit, too, is a necessary qualification if a man is to succeed. Disappointments are so numerous in business that the weary warrior might well be excused if he laid aside his armour—but he will never succeed if he does. Ill-health may cripple him, as it has many another man—but he must not “take it lying down.” *Grit*, GRIT, GRIT, *et toujours* GRIT will, in the long run, enable him to climb the ladder of success. Napoleon’s Old Guards might die—but they never surrendered, and the man who takes his cue from their indomitable courage will “arrive” somehow, sometime. Although, as Addison wrote, it may not be in mortals to command success, the man who deserves it is far more likely to attain it than he who waits for it to come of its own accord. All history goes to prove that, with comparatively few exceptions, success comes to the man who determines to achieve it, and absents itself from the man who, with hands in his pockets, placidly relies upon the foolish proverb which suggests that everything comes to those who wait. Milton may have been perfectly right when he wrote that: “They also serve who only stand and wait,” but, when one comes to think of it, the line is painfully suggestive of the servant who, on receipt of his one talent, “went and digged in the earth and hid his lord’s money.” Everybody knows what that poor fellow’s fate was—but probably the man with the ten talents did not grumble because his fellow servant’s inertness increased his—the ten-talent man’s—talents by one.

METHOD IN BUSINESS.

IT is a regrettable fact that when the average British boy leaves school he has to start to learn things—and his introduction to the sixth form of the world's academy is all too often vetoed by the undertakers. In his early teens he is sufficiently acquainted with idiomatic French to know that "*ce n'est pas le diable*" has nothing to do with the sooty-visaged gentleman who was evicted by Michael from a more comfortable mansion than the evicted one has since occupied—but he does not know how to copy a letter. He can demonstrate that a surd fraction can be transformed into an equivalent expression with the surd part integral, or that in equal circles the angles which stand on equal arcs are equal to one another whether they be at the centres or circumferences—but he has not the remotest idea of the difference between a "not negotiable" cheque and an open one. He can rattle off "*parvus, minor, minimus*"—but puts thirty-six words into a telegram when twelve would suffice. In a word, he begins his business life in a fog, and, if he is not careful, quits it in a mist at the least.

The result of this unpreparedness is that the boy becomes a man before he actually realises that, just as athletics require careful training of the body, so does success in business depend, to a very large extent, upon the use of systematized methods in the building up of such business. Chance and luck—let theorists say what they will—are important factors in many successes, but if

the inner histories of the majority of successes were given to the world it would be found that away behind all "opportunity" there had existed a solid basis of systematized effort. The inventor may, by some lucky chance, hit upon an invention which means thousands of pounds, but it will generally be found that it is the business man who knows how to float the invention who makes most of the thousands out of it.

It goes without saying that the man who intends to make a success of any business must know that business thoroughly. As the years go by it becomes more and more evident that the expert has come to stay, and that there is no room for the all-round genius who knows scores of things indifferently well. The really indispensable man to-day is the specialist, whether it be in partnerships or patents, land or law, insurance or iatrolectics, cabbages or contracts—and the specialist must not only know his work, but must also let other men know that he knows it. His knowledge will not be acquired without method, and the success of its application will largely depend on the methods utilized in giving it effect.

In the successful application of methodically-acquired knowledge self-reliance is no mean factor, but it is not the only one. Undivided attention must be given to the immediate work in hand. The man who can talk through the telephone, and add up his ledger at one and the same time, may be a clever freak—but freaks are not of much account outside a Barnum booth. Furthermore, undivided attention makes for accuracy, and accuracy counts for much in every successful business career. The business man who cannot be relied upon for his facts and figures had better become a Cabinet Minister, or take to writing six shilling novels. He is no use in business. If he cannot write plainly he should try for an editorship; if he cannot contract what he wants to say the pulpit is his proper sphere; and if hard work disagrees with him he ought, in the first instance, to have become a member of the Civil Service. Attention, accuracy, a plain concise method of expressing one's thoughts and schemes, and hard work, form the groundwork of commercial success,

and, without them, ultimate independence will, in the majority of cases, never be reached.

It is curious to notice from what different points of view hard work is regarded by different men. One man works assiduously from dawn till dark—and does nothing. Another, working half-a-dozen hours a day, “makes his pile” before he is fifty. How account for the seemingly easy-going success?

To be strictly fair, it is very difficult, in many cases, to give a reason for the widely divergent results, but were it possible for the uninitiated spectator to get inside the methods favoured by the apparently butterfly-built worker, he would find that system, arrangement, neatness, concentration, and rapidity of thought and action were responsible for not a little of the successful business man's prosperity. The man who only devotes six hours of his day to City work is, nine cases out of ten, the man who puts in many an hour in his quiet “den” at home thinking out and planning his business for the following day, week, month, or year. He arrives at his office at 10 a.m. with a clearly thought-out programme for the day. The overture may be left to subordinate plodders, but when the curtain rises on the day's comedy or tragedy, as the case may be, he is letter-perfect in his part, and needs not the aid of the prompter.

ON SPECIALISING IN BUSINESS.

THE Sultan of Turkey, one of the ablest of European monarchs, combines, we are told, in his own person those chief offices of his kingdom which with us in England are filled by the Chancellor of Exchequer, the Home Secretary, the Lords of Admiralty, the War Secretary, etc. The consequence is that, in the first place, the Sultan is over worked and, in the second place, all the offices of State are infamously badly managed. This is but another illustration of the adage, "Shoemaker stick to your last." It is all very well to say that a man should not allow himself to work in a groove, but like many onesided or half truths, the advice is in many ways very misleading indeed. It is by working for years in a groove and grinding that groove very deep that efficiency in any special line is arrived at. Don't we all remember Wendel Holmes' "Professor," who disclaimed the title "Entomologist" as too wide, and professed only to be a "Scarabeeist" or beetle student. Some there be who, with special mental organisations, may claim that though they are "Jacks of all Trades" they are masters also.

But these are the exceptions, even if their claim can be accepted without modification—a doubtful assumption. It is the falling of the drop of water in the one place that wears the hole in the rock. It is the straight line—not the curly one—that gets most surely and quickly from one point to another. It is not by shunting in and out of sidings that the express train gets to its destination in record time.

And now for the application of these illustrations. It is this :—

Every hour, except for necessary rest and relaxation, that a man takes away from the work that he understands, to bestow upon the work that he does not understand, is a wasted hour. It is better for A to spend the money he has earned in his own proper work (or say X work) to hire B to do the work (say Y work) which B can do well and A cannot. Even in your own business it is better to employ the man of special knowledge to do any special work that is slightly outside your particular groove. As the Captain of the great steamship liner, on approaching port, resigns his command temporarily to the pilot. Have we not all of us seen in this our own generation examples of failure from not following these precepts? To quote one alone, only a few years ago there was a great ambassador, a world-renowned diplomatist who had matched his skill against the ablest statesman of Europe, during a long and brilliant career. What was his fate when he went "beyond his last"? He proved a very babe in the hands of men of one quarter his intellectual power, not fit to black his boots, and yet who understood the line of business which the aged diplomatist did not.

So we say to the trader, the merchant, the engineer: We grant that you understand your special line of business, but if you wish to undertake anything outside it in which you can find anyone likely to be more expert than yourselves, employ the specialist, and you will both save money and get your work better done.

The agent who is daily doing business in Company work in Partnerships and Advertising, cannot fail to understand how to do these things, and how to do them more efficiently than yourselves. We say advertising, and with regard to this a few words of explanation may be useful, because the subject seems so very plain and easy. What is more simple you may say than to insert an advertisement, for say, a Partner, and make a selection from the answers received? But consider the waste of time in dealing with the letters received in reply, and the arranging of interviews. All this time could be more

profitably employed in your business, and even if it were not so, you are hardly likely to pick out the genuine applications from the mass of rubbish, or worse, the attempts at imposition, which you will receive. This the agent can do, and it is the fruit of daily going over replies to advertisements that he is able at a glance to be sort the wheat out of the chaff,

The writer remembers, many years ago, advertising for a person to fill a position of trust, and the pile of letters in reply, which met him on his arrival at his office next morning. Every one of these, and those that arrived later, had to be opened and read, until, finally the task of selection was resigned in despair.

The ordinary work for that day and the next, had to be abandoned, and the selection of candidates to be interviewed was hurried and almost haphazard—a bad choice was made in the end. There were many posts to fill after this memorable occasion, but never again did we trust to unaided selection. We put the business of choosing a few promising candidates in the hands of an agent who made such work his business, and we found the moderate fee he charged a cheap disbursement in its result of time and trouble saved, and work satisfactorily done.

WHY FOREIGNERS SUCCEED IN BUSINESS.

THE success of the Japanese in business, as in war, is due to their thoroughness; to the excellence of their methods, and their persistence in accomplishing their purpose.

An excellent comparison of British and Japanese methods is afforded by the Commerical Information Bureau of Tokyo and the Intelligence Office of the Board of Trade in London.

The Japanese lack inventive originality, but they have a remarkable faculty for seizing upon what is good in a foreign idea, and developing it so thoroughly as to make it render an adequate return by its practical application to their needs. These Japanese and British intelligence bureaus may both have been derived from the same American notion, but ours is inferior to the original, whilst the Japanese has been so perfected that it leaves its American prototype far behind.

Some years ago the Commercial Museum of Philadelphia invited foreign Governments to send official representatives to a Commercial Congress held under its auspices. Great Britain and Japan both responded and were adequately represented at the Congress.

The object of the Commercial Museum was the education in practical commerce of American manufactures, and more particularly to help them to develop their export trade. In order to effect this, the Museum, through its agents, obtained samples of all kinds of manufactured wares on sale in every large commerical

centre in the world. These samples, with the cost, place of manufacture, qualities made or imported, and all available information respecting them, were placed in the Museum, and were available for the use of manufacturers who were interested. In addition to this, the Museum collected a mass of mercantile news, which is distributed amongst manufacturers. It advised members of trade changes, gave them the names of importers in foreign countries, particulars respecting the method of packing preferred, transport, freight rates, insurance, banking facilities, and business customs at different places abroad. If a manufacturer received an inquiry from any foreign place, the Museum would tell him about the financial standing of his correspondent, and such information as would enable him to estimate correctly the cost and the time required to transport his goods to that destination by the most economical route.

Both the British and the Japanese representatives at the Museum Congress made themselves acquainted with the objects, and with the methods of the Museum, and appreciated fully the value of the work it was doing for American industries by helping foreign trade, and in finding markets for American goods abroad.

As a result of the Japanese representatives' report, a somewhat similar institution was started at once in Japan. It was developed in the department of the Minister of Commerce and Agriculture, under the direction of Mr. Kyora. Mr. Sato, a Japanese journalist, was entrusted with the work of obtaining the information desired, and of preparing the reports for presentation to the interested public in an effective manner. A manager was appointed, and the new department was housed in a government building, with a staff of clerks and curators to deal with the material obtained.

The Japanese improved quickly on the American scheme. Their Museum is now a perfected State engine, developing native industries automatically.

The collecting of samples is done through the Japanese Consuls in foreign ports, who not only obtain specimens of wares sold there, but also introduce goods of Japanese manufacture, especially those articles most

likely to replace similar goods imported from other countries, or produced locally.

It is not the object of the Consul to introduce real Japanese goods, but goods like those of local manufacture, only made in Japan, so that his country may get the double advantage of a new manufacturing industry and a new market.

The samples received from abroad are all carefully examined by experts, reported upon, then classified, catalogued, and placed in the Museum, where they are instantly available for minute examination by intending manufacturers.

It is in turning these Museum treasures to best account that the Japanese out-distance their rivals. In addition to the printed reports issued monthly by the department, which reports contain information of practical use to all Japanese manufacturers as well as to merchants trading with foreign countries, the department has its own visiting officers, who travel through Japan, call upon people, and make known to the native manufacturers what novelties and additions the department has received, and advises them, as well as the department is able to do, of the means they should adopt to secure for themselves a share of the world's trade in those particular articles.

Another section of the department is busy in getting useful information, and from this section experts are sent to visit foreign places, to tour foreign countries, either for the purpose of reporting upon some particular article or industry or manufacturing process, or to get at first hand technical information likely to be of use to Japanese manufacturers in producing certain goods, or in extending trade in markets abroad.

All this work is done entirely at the cost of the Government. The work of the bureau is much appreciated by Japanese manufacturers in every industry. The department is expanding, and is already an unqualified success, for, since its inauguration under the direction of Mr. Kyora, the trade export of Japan has increased by leaps and bounds.

The war with Russia was a great strain upon the slender financial resources of Japan. She will have to

defray the cost, and can pay in labour only. For this reason the industrial classes in Japan are now working at full strength, night and day. They are producing not only the toys and Japanese articles with which we are familiar, but silks and cottons, sporting and athletic goods, musical instruments, leather wares, clocks, watches, jewellery, and such fancy articles as are exported to Great Britain from France, Switzerland, Germany, and Austria, and numerous other things which we ourselves manufacture. Japan is manufacturing for four continents, and these products are sold in the markets of the world irrespective of the price the goods may command. They may be "dumped" even under their low cost, for they must be sold.

The British representative at the Philadelphia Congress no doubt reported to our Government, and probably that report is safely pigeon-holed, and will remain in obscurity until the end of time. Had Great Britain done as Japan has done, our revived industries might by this time have made good what this country still owes for the South African war. When will Great Britain begin to nurse her trade as other countries are nursing theirs?

HOW TO ADVERTISE FOR BUSINESS.

THE past few years have been marked by a great change in the advertising world. Newspapers have had to alter their tactics, and competition has compelled them to meet the wishes of their advertisers. There is a decided improvement in the general character of advertisements, and many of those appearing in the Magazine World must be admitted to be works of art. To some businesses advertising is as necessary as is food to the human body, and to such an extent has it recently developed that those business men who still continue in the old-fashioned groove must expect to see their trade surely, if slowly, pass into the hands of their more enterprising rivals.

No business man can neglect to advertise in some form or other. There are many ways of doing this and the way that is successful in one business might be quite unproductive in another.

There is advertising in the Press, on railways, on hoardings, by pamphlets and by other means. The style of business, and the class which it is desired to reach, must be taken into consideration, in deciding on the form of advertising most likely to be productive of results. Publicity is necessary to every person who desires to increase business, or to maintain a position in the public eye. It is as necessary to the professional man as it is to the trader; to the M.P. and to the K.C. as to the manufacturer, store or shopkeeper; but the means of attaining it vary.

Successful advertising is the art of attracting and convincing. Necessity will force firms more and more into the field of advertisers during the next few years, and a few remarks on the subject may serve a useful purpose.

In all advertising it is essential to success that a careful scheme should be prepared, and adhered to.

No man unversed in these things should attempt to embark in the sea of advertising without a skilled skipper ; such a course is as risky as the navigation of a difficult channel by an unskilled landsman.

Spasmodic advertising is fore-doomed to failure. Not only must advertising be of the right sort, but it must be sustained ; no business ever arrives at a stage when it is so well-known as not to require further advertising. This is proved by practical experience, and is demonstrated to the casual observer on every hand. A single illustration will suffice, in the fact that such a world-wide and universally known firm as "Pears" find it still an essential part of their business.

There are many points, each of which must receive careful attention and thought, before a scheme is decided on.

The first point to study is the value of your goods, and the conveniences you offer to customers in the form of packing, delivery, etc., as compared with your competitors. Have your goods any special merit above those of your competitors? Can you so arrange as to introduce or add such conveniences and quality as will entitle you to claim extra merit?

The next point is the class to which you are going to appeal. Are they the working-class, middle-class or the upper-class? The tactics to be adopted, the get up or phraseology of the literature to be issued, the media, the style of advertisement, are all important considerations. The man who has made a close study of human nature, and is in possession of the necessary experience in advertising detail is the man whose advice should be sought in the settlement of these questions. You have to combat with ignorance in all grades, therefore simplicity has to be studied, you must not create scepticism, but remove prejudice and prevent procrastination.

As a recent illustration of moving with the times, and of British grit, may be mentioned W. H. Smith and Sons. As soon as this great firm became aware of the prospect of their being ousted from a large section of their Bookstall Trade, they put on their thinking caps, and, as a result of their cogitations, they are launching out in a manner which does credit to an English House. They are pushing out in every direction, and many and striking are the innovations they are introducing. We cannot help admiring the line they have seen fit to take; their enterprise and their determination to retain their old business on new principles, with added facilities and modern appliances.

But the space at command is already filled, and a few words only can be added as food for thought. The following are equal in importance:—aggressiveness, diplomacy, thoughtfulness, supervision of detail, opportune time, style, reserve force, tact, originality, illustration, key results. Create curiosity and if possible admiration, this has been accomplished by “Catesby’s Drogherries,” “Bovril’s ‘I hear they want more,’ ” and “Force’s ‘Sunny Jim.’ ”

AFFINITY OF MIND AS A FACTOR IN ADVERTISING.

IT is becoming recognised that special classes of media need distinct copy. The advertisement writer of to-day realises that he has to follow the trend of thought of the reader ; that he has a message to tell, and it must be couched in a phraseology, and the logic must be such, that its purport is easily grasped by the average intelligence of the man and woman before whom it is placed.

There is another point, however, that has to be closely watched. Sellers of a certain type gather buyers of a similar bent of mind around them. In preparing a scheme, having for its object the expansion of trade, it is well to consider who have been the advertisers' chief support in the past.

A business is always something more than a mere matter of barter and exchange. The mind of the seller has to influence the mind of the buyer. Personality and character, in one direction or another, enter largely into most transactions.

There are businesses to-day in which volume of trade is large, in proportion to the amount of money spent upon advertising. How has the name been silently spread ? What force has slowly worked to make it, so to speak, a hall-mark for all that is excellent in that particular business ?

Such a firm may have been in evidence for a hundred years. Time and position accomplish a great deal, but still there must be a something else.

What other factor, then, has been at work building up so great a business year after year? Is it not the unconscious power of a personality, never seen perhaps, yet always felt, that has been unceasingly at work, influencing the mind of the buyer in many mysterious ways?

Take a very common instance. Does any man ever regularly buy a morning paper from someone whom he does not like? When at lunch, most men show a preference for one table and to be served by a particular waiter. In fact, nearly every action of a man's life is governed by some occult stream of likes and dislikes.

This affinity of the human mind is surely a great factor in influencing business, and practically it constitutes an important principle in trade—one that should be closely studied in all advertising campaigns. Certain people will buy from certain firms, whilst no power on earth could induce others to enter these self-same shops.

There is the craze for cheapness among some; a desire for the crudely novel amongst others, and so on without end. Would it be possible for a plain, serious, matter-of-fact sort of man to buy his clothes from a tailor's whose shop window display was three parts glitter to one of cloth? But even this proposition could be carried much further. Two rival tailors are outwardly the same in price, quality, cut, and methods of display, yet each draws his own distinctive class of customers. There must be some underlying force which thus separates men having apparently the same needs.

None but a dupe will buy from a quack. The wise man who wants the best, knows where only perfect workmanship is to be found. If for the moment he has lost his old landmarks in the world of commerce, his instinct will guide him to where he can buy after his own heart. But again, dupes will stand by certain quacks, and wise men will extol the virtues of perfect workmen.

In every commercial transaction, from the buying of soap to the hiring of hotel accommodation, there is evidence of the power of one mind acting upon another. The larger the number of people that the seller can impress the better for his sales account. But the powers of attraction are limited to the number of minds that are akin

in ways of thought to his own, and which can be brought within the sphere of his influence.

It therefore behoves the advertiser, seeking fresh fields to conquer, to find out, and seriously study, the character of the people who so far have comprised his clientele. He will ask himself such questions as : What manner of men and women are these?—Why should they deal with me and buy my particular goods when so many other merchants of equally good reputation solicit their custom?

The replies to these queries will furnish good "talk" for any advertisement.

Let us take any class of big proprietary houses for an illustration. The cocoa firms will do. There is a standard price for cocoa, and the quality is all round of high grade. Yet it is not theorising to say that there are distinct bodies of Fryites, Cadburyites, and Rowntreeites—in fact as many "ites" as there are cocoas, not forgetting the very large number of adherents to Dr. Tibble's Vi-Cocoa, Epps' Cocoa and the like, to mention these only on account of their very marked claims on certain sections of the public. There are thousands of people who, in and out of season swear by, hold to, and will drink one particular brand of cocoa, and none other.

What the independent voter, of very fixed convictions, is to the great political parties, so, in point of fact, are what we may call the staunch "Cadburyites," etc., to the several big cocoa houses. The steady band of support is worth far more than a fluttering trade.

*Here comes the suggestion that the mere fact of Mr. Rowntree or Mr. Cadbury being what he is, makes men who move in a similar plane of thought turn to him for the cup that sustains and nourishes. It is possible, then, for a line of demarcation to be drawn between the power of Mr. Rowntree's personality over cocoa drinkers and the desire for cocoa—as cocoa, and nothing else—upon the part of the British public?

By what strange freak of fancy did one drinker in the first instance attach himself—feel drawn—to make particular brand of cocoa? Call it attraction, will-power, or

any name one likes, the fact remains that some hidden force, operating from the directing mind of the cocoa house, was strong enough to first direct such a cocoa drinker to the products of that firm, and humanity, being what it is, has a strange fascination for first loves.

Let us presume that a firm of tea merchants in the North of England have built up a large trade in their own town. The limit of expansion has been reached in their immediate neighbourhood, yet fresh fields of activity and trade are wanted.

The moving spirit of the house has gathered around himself a clientele, whose faith in his particular tea and shop cannot be shaken. Now, tea-drinking is universal, but it is remarkable that a woman who buys continuously from one store would never dream of crossing the thresholds of other shops for the same goods. Reasons as mysterious as they are illogical and irrational are given for such pertinacity. Either the other places are "too class" for her, or not "class enough." Suffice it madame will not buy elsewhere ; her fiat has gone forth, and wild horses themselves cannot do what the soundest arguments of the most gifted ad.-writer fail to accomplish. Yet the tea is the same price—possibly the same blend, if the truth were known.

There is, of course, some subtle reason for a woman's preference. It is an unalterable law of Nature that, deep within her mind, it should be so. The personal element in the commercial transaction has to be considered. Stretching away down from the directing mind, through clerks, salesmen, and all the employés of the store, one trend of thought has been at work. The human element impresses even the inanimate objects of the shop. The whole organisation is the embodiment of one supreme, directing mind, dictating as it were, and allowing only the active expression of his one idea, to be manifested upon the ways and means by which tea should be sold.

If that central trend of thought is not in accord with the mind of the woman who wishes to buy, she will not purchase from that shop.

It is obvious that no one store can secure the whole tea trade of a given district. Therefore, when an expan-

sion of business is desired, only a similar type of customers to those already existing in the parent town can be expected to readily respond. This means that one will require to find out, in the new area, where these people are, to make a strong appeal to them, and to get at them quickly. They will come, once they know, whilst no argument would ever attract a person whose temperament and personality are radically opposed to that of the sellers.

Types of character are largely what their environment makes them. This in itself is a clue, worthy to be closely followed up, in seeking new fields for commercial conquest.

[The above article was specially contributed by F. A. Hunt (formally with Paul E. Derrick, Advertising Agency) to "Progressive Advertising" of 120, Chancery Lane, W.C., a periodical which admirably deals with the progress of all phases of publicity, and we reproduce it with the kind permission of the journal referred to as we feel sure it will interest those of our thoughtful readers.]

HOW TO TALK BUSINESS.

THE "Art of Talking Business" is not by any means confined to commercial traveller or representative in person. Business houses spend considerable sums on their staff of representatives, yet the same houses would look aghast at the suggestion that they should devote a comparatively unimportant sum to the production in a first-class manner of their catalogues or other business literature. In most businesses, whether they be those of a manufacturer, merchant, agent, or retailer, too much importance cannot be attached to the compilation of the "printed representative" of the firm. Probably apathy does not so correctly describe the attitude of business men to this question, as lack of knowledge, training, instinct, and power of observation of details. The printed matter of a firm is, in the majority of cases, their most important representative, yet very often it is not of a character to create a good impression of those responsible for its issue.

Insufficient use is made of illustration, and, in cases where it is used, it is so badly done as to destroy the object for which it is introduced.

Business literature, well put together and well illustrated, is the most modern method of getting business, making sales, securing new customers, and ensuring success. • If the literature of a firm is more attractive in appearance than that of their rivals an impression of superiority is created which will be found difficult to displace.

Too much care, thought and attention cannot be given to the construction of sentences, the acquirement of style and the polished touch of training which serves to make business literature, catalogues, etc., so interesting that they may prove permanent representatives, creating a pleasing impression, always alive and talking about the firm's business to all sorts of men in all sorts of places.

In the preparation of these things it is always best to try and place yourself in the position of the possible recipient, and endeavour to imagine the possible construction he will put on your words and the effect of your explanations or illustrations on his mind. Don't forget that there are others competing with you, some of whom make a special study of business literature or who employ specialists to prepare their prospectuses and illustrations for them. Always aim at attracting, persuading and convincing.

When endeavouring to secure orders abroad make a study of local habits and customs; this has long been regarded by the shrewdest as the acme of wisdom.

Honesty of description is another thing which should not be overlooked by those desirous of creating and maintaining a market. Although it may cause you some present loss, never hesitate to take back an article supplied to a customer who expresses dissatisfaction. If you cannot satisfy him express regret. It pays in the long run and will be remembered probably to your material benefit some day.

In the introduction of new articles, and in expressing your business tact, foresight and experience are the essentials, and the aim must be to convince the possible buyer of the value and superiority of the articles you have to offer him.

One of the *Daily Telegraph's* New York correspondents recently stated that, when at a New York business exhibition, he was enlightened concerning America's latest business enterprize—schools where "the art of talking business" is systematically taught. It is quite on a par with American advertising, the window dressing school and other valued departments. He was further informed that there were plenty of men of intelligence,

education and uprightness, but few of them knew how to "talk business" successfully. This was the explanation of schools for learning the art of talking business, how to approach men at the right time, in the right way, to say the right thing with the right result. These things do not come naturally to most men, but must be acquired, and the want of definite study of these subjects, accounts, according to the promoters of the "Talking School," for the scarcity of good agents, good canvassers, and good salesmen.

As much attention should be given to the art of talking business by print as at a personal interview.

HOW TO ILLUSTRATE BUSINESS LITERATURE.

A GOOD PICTURE IS BETTER THAN A PAGE OF PRINT, especially in dealing with foreign markets. It speaks more quickly, clearly and convincingly. Manufacturers and commercial men would do well to keep this truth always before them.

It may be supposed by some that a clear description in print of an article ought to be sufficient to convey a correct impression of it to the reader. Nothing, however, can be more erroneous. The association of printed words with ideas is by no means exact. Take as a simple example this printed word HOUSE. As we read it, a picture of the thing described is conjured up by the imagination. Yet the apprehension of the figure, and consequently the mental vision of it, are obviously less exact and vivid than that produced by a pictorial representation of the dwelling.

And if the impression is less complete in the simple case put forward as an example, to how much greater a degree does it fall short when the example is complicated even by the addition of a single adjective. An immense difficulty is soon created in picturing the object from the abstract description, and this difficulty increases in proportion to the complexity of the article described.

The "picture" was, indeed, the first vehicle used by primitive nations to express their ideas of the things they saw about them. Among both the Aztecs 400 years ago

and the Egyptians 6,000 years ago the art of picture writing reached a high state of development, and among the North American Indians the art in a rude form still survives. It was much later that Egypt gave the world letters for building up words to express ideas, facts and objects.

There are three chief *direct* doors by which impressions may reach the brain. Hearing—as when the commercial traveller extols his wares to the customers ; Touch and Sight—as when the article itself is produced for examination. Writing and printing act only *indirectly* on the mind, by association of ideas. In sending out trade lists it is not enough for the manufacturer to appeal to the acquired sense of reading in order to awaken interest in his goods. He must lay before his hoped-for customers a *pictorial* representation of the goods themselves, and if a picture, it follows that the picture must be a clear and good one, so that the impression created may be not only accurate, but attractive. A good picture has often effected a sale.

Speaking generally no expense, judiciously expended of course, is too great in supplying good illustrations to trade lists, catalogues and circulars. There are many good processes, some more peculiarly suitable to one class of goods, and some to others. As to the particular process to be adopted skilled advice should be sought.

PHOTO ENGRAVING

is perhaps the most popular form of illustration of the day, and deservedly so. This process has attained, so far as can at present be judged, perfection, and has the additional advantage of being cheap. There are two classes of photo engraving, line and half tone. Its progress in recent years has given to it such a prominent place in the printing industry as to have made it a recognised necessity. A sharp black and white drawing on good paper is the best copy for line production.

Half tone reproductions are accomplished by means of photography on zinc, copper, and brass ; copper being the more usually employed. The original copy being the

basis of good production, a few remarks thereon may interest those of our readers who are interested in the production of illustrated catalogues, etc. In these days there is no necessity for a house to issue poor illustrations, as there is no difficulty in obtaining first-rate sketches. The subject or article has only to be mentioned or exhibited to the artist and he will do the rest. Extra care should be taken in the choice of coloured "copy" because photography does not always reproduce the same contrasts that are apparent to the eye. Isochromatic negatives and silver prints have to be taken, to assist in preserving the correct contrast. Blue comes out in the photograph more or less like white. Red appears to the eye lighter than blue, yet when photographed it will appear similar to black. Yellow when photographed will appear darker than blue although to the eye these colours appear the reverse. There are processes which retain colour contrasts, but they are very expensive, little known, and therefore impracticable at present for common use. What are known as "wash drawings," well executed, or good silver prints, are the best "copy" for high class half tone blocks. Then there is a difference in the screens to be used according to the paper upon which it is intended to print. For instance, a picture produced through a screen of say 150 lines to the inch requires to be printed on paper with a highly glazed surface, whereas a picture produced through a screen of from 50 to 100 lines to the inch will print well on coarse paper; but the latter is often impracticable if a good picture is to be produced. When preparing a picture the artist should be instructed as to the purpose and size in which it is to be reproduced and he will prepare his picture accordingly. This is important, as proportion of reduction is a considerable factor in the quality of an illustration. For instance, a large number of articles or things in a ten inch photograph may make a good picture if reproduced in the same size, but if reduced to say two inches, some of these things may become mere black and white spots. Moreover, it should be borne in mind that faults not apparent to the ordinary observer will be clear if photographed, and for this reason, if copy has not been specially

prepared it is always well first to view the picture for defects through a magnifying glass. In ordering blocks, remember that a photograph cannot be sketched to fit all sorts of sizes. It must be reduced or enlarged in proportion, so that in giving instructions always say, "to be reduced to come within 10×5 ," or whatever space you have at disposal, and provide for the block being less rather than the exact size. Three colour printing is now making great strides, and is sure to be very popular in illustrating ere long. This is also accomplished with remarkable results by a series of three photo process blocks, and to those who do not mind the extra expense is to be greatly recommended. It is to be regretted that for want of space the subject cannot be dealt with herein, as there remain other processes of reproduction to be dealt with.

PHOTO LITHOGRAPHY

is a process of photographing the copy and transferring on to stone, and very beautiful are some of the results.

PHOTOGRAVURE.

By this process very fine results are produced, indeed it bids fair at no distant date to supersede engraving itself, except, that it lacks the individual touch of the burin or graving tool that gives the artistic value.

There are, of course, many other means of reproducing pictures, possessing a direct artistic merit which no mechanical process such as described above can pretend to, but as in the execution of these originals great artistic skill is required, and the reproduction is expensive, they are impracticable for ordinary business purposes. If the nearest approach to a high class production is desired the cheapest is known as the Rembrandt Photogravure, which is a secret process, but is impracticable unless large quantities are required.

The following are some of the chief methods of engraving :—

WOOD ENGRAVING.

The object of this system, first practised by the Chinese some 3,000 years ago, is to produce the results IN RELIEF, like printing type, so that it may be printed in the same way as type, by simply inking the surface and passing the paper over in a like manner to ordinary printing. The design is first drawn on box or other close grained wood made smooth, and coated with a preparation of Chinese white. All the surface is cut away, except those portions which are to appear black in the print. Those who have seen the exquisite engravings of Bewick can appreciate the beauty of which wood engraving is capable.

LINE ENGRAVING

we owe to Italy, where it was practised by Finiguerra in 1452. It is perhaps the most “legitimate” method of engraving. The lines of which the picture is formed are cut out of a metal plate by a graving tool called a “burin” in the form of a prism. This is held between the engraver’s finger and thumb, and forced forward by the palm of the hand, cutting a line deep, broad, or narrow in proportion to the pressure applied. In this way the picture is gradually worked up by innumerable fine lines. The process is necessarily a long one, and it demands the highest technical skill to produce a fine plate. Fine examples of line engravings by well known engravers fetch large sums, and are bought by connoisseurs when exposed at public auction.

ETCHING

is, as its name implies, the “eating” out of the picture on a metal plate. The plate is first covered with wax, the design or picture is then drawn by an etching needle on wax, the needle in its course cutting through the wax and exposing the metal plate beneath. The picture being drawn, the plate is immersed in an acid bath, and

the portions which have been exposed by the etching needle are attacked and eaten away by the acid. For the other portions of the plate the wax covering is a protection. The lines of the picture are thus "eaten" out by the acid on the plate. Of course all the lines are not equally exposed to the acid. After a short immersion the plate is taken out of the bath, the lines requiring slight exposure only are "stopped out" with varnish or some other protective, and the plate is again immersed. The process is repeated many times, until the proper effect of light and shade is obtained. The final result is a plate of great artistic merit, and the process is generally considered to give greater scope for the individuality of the artist than any other method of engraving. Many great artists have excelled in etching. Albert Dürer was perhaps the first to employ it (1471—1528). But in this art Rembrandt is universally conceded the highest place.

STIPPLE ENGRAVING.

In this method the ground is prepared with wax, as with an etching plate, and the design is worked, not in line, but by a series of dots, each of which pierces the envelope and lays bare the metal plate beneath. The plate is treated with the acid bath as in etching. This is a French invention, and it is remarkable that the man, Ryland, who introduced it into England, was executed for forgery in 1783.

MEZZO TINTO

differs from all other engravings, in that instead of working as in ordinary engraving from "light to dark," *i.e.*, making each line cut produce a dark line on the picture, the engraver of this process works from "dark to light," and each portion of metal he cuts away produces a "light" on the picture. The plate is first prepared by a tool called a "cradle" or "rocking tool," which is passed over the surface, leaving a rough bur, which serves to hold the ink in printing the impression. In modern mezzo the etcher is often used, in addition to the more legitimate tool—as also is the stipple. This is hardly

approved by some, but the object is to correct a certain indefiniteness of outline which characterises mezzo, along with its well known peculiar softness and delicacy. Successful mezzo plates are not so frequently met with as formerly. The process is a German one, where it was practised for the first time about the middle of the 17th century.

BUSINESS SYSTEMS.

“ORDER is Heaven’s first law,” says the poet ; and as the Antithesis of Chaos it rules supreme through all the operations of nature.

One of the greatest drawbacks to success among the business men of this country is their failure to recognise the vital importance of method and system. It matters not the class or size of a business, success cannot ensue without system. Moreover the system installed must be of the best and not the clumsy compilation of a amateur. The principal of a business should bear in mind that every minute of his business time is of great value, and that no reliance can be placed on memory. System in business enables you to know your progress day by day ; overcomes difficulties, removes obstructions, gives stability ; points out weak places, prevents waste in expenditure ; checks your staff ; stops leakages ; enables a follow-up system to be installed ; shows the reason for the loss of a customer or customers, where there is a lack of orders ; the best manner to secure orders ; where there is loss and where profit ; who are bad customers, and builds up a business. It enables the principal, however large the business, to keep a grip on the whole of all that is happening. It is equally necessary to businesses new or old, small or large.

System is the pivot upon which a business should work, and if there is not a well planned and conducted system wreck and ruin more often than not result.

The greatest people at modern methods in business systems are the American nation. They represent the new commercial school free of many of our prejudices, and have long recognised that the most important factor to success in business is system. They pride themselves on their scientific business methods: they have special schools for the study of the subject and the importance they attach to it was amply illustrated at a recent exhibition held in the Madison Gardens, New York, where business men from all parts of the States came simply to view and have practical demonstrations of the latest improvements in scientific indexing, cataloguing, duplicating, automatic reckoning, etc. On every side, says the *Daily Telegraph* correspondent, one saw nothing but "office appliances." At least 10,000 were present. "It pays us to come," one American remarked, "because we learn how to save time, which is money. I guess a show like this would be a dead failure in London, eh?" That conjecture might prove true, although it is our firm conviction that we as a nation are working up, and ere long it is to be hoped that we may be able to surprise our cousins across the Atlantic with what a nation, having the traditions we have, can do when aroused.

Just as out-of-date processes of manufacture have to be discarded, so should out-of-date business systems be rejected and thrown on the scrap heap, and a modern equipment installed which will result in the reduction of the cost of "dead charges," reduce worry, increase facilities for business.

Modern business men who are free from prejudice are giving increased attention, not only to the personality of their servants, but to the methods employed in securing and increasing trade; and one of their most important considerations is system.

A study of the business systems extant, will convince students, we believe, that the best method, and the one which will give most adequate and efficient results, is that known as the "Card Index" system, and of the varieties of this system the "numerical" one will be found the easiest to work. It is simple, concise, comparatively inexpensive, and has been the back-bone of many of the

leading and most successful businesses. It consists simply of a series of cards and folders. The first card, which may be termed the master card, is generally the index of names, which is the key to cross indexes, original papers, etc. There are so many classes of businesses, each of which requires special treatment, that it is impracticable to illustrate, but the method properly installed and kept up enables one to locate immediately any particular piece of information required in connection with a transaction, and watch closely its details. The reorganisation or installation of a system, however, certainly requires thorough care and special knowledge. It is not difficult to keep up when once properly organised, and its value when in full working order is inestimable, but it is at initiation that we strongly recommend the employment of a specialist. It has been made a science, and although the expert must be a man of originality, he must perforce adopt certain well defined lines of general procedure.

The "systemizer," as we may call him, is often retained to study a business and instal a system, or sometimes to make a critical examination of existing systems and give a report thereon, embodying his findings and recommendations.

His general knowledge, which as a rule covers a large field, assisted by a natural talent for quick perception, enables him to quickly grasp the technical details of any business, and to devise a complete system for the approval of the firm employing him. He will also make periodical examinations when so instructed for the purpose of watching and improving any installation of large dimensions.

HOW BRITISH MERCHANTS CAN INCREASE THEIR BUSINESS WITH ABROAD.

“PLAIN as the nose on your face.” This is a phrase one uses when attempting to describe a perfectly clear and obvious fact, yet, perhaps because this same fact does resemble the nose on your face in its obviousness, nothing is so easily overlooked. Just as one cannot see the nose on one’s face without the aid of the looking glass, “reflection” needed to recognise an unpalatable truth when we see it. We must get outside of our prejudices and cherished opinions in order to view matters rightly. The more obvious the truth the more difficult it is to realise. The methods of our fathers are but of slight avail now-a-days in the struggle for commercial supremacy, and we must descend from our lofty pedestals and fight with the crowd if we wish to maintain or improve our present position.

The methods of the foreigners which we formerly despised have now to be carefully examined, and the wise man adopts those that he feels will help him in his trading. The American “hustler” must not be condemned at first sight, but his schemes must be brought under the light of shrewd practical intelligence, when the astute observer will discover in them merits that would have escaped him but for this closer inspection.

This is the great age of self-advertisement in one form or another, whether it be by large gifts to public charities, or posters twenty feet long on giant hoardings, and the business man must advertise himself to his own particular public, if he wish to succeed.

Though we may in our innermost minds despise many methods of advertising, yet we should endeavour to conquer this feeling, for a hyper-sensitive conscience is bound to strangle success in business. It is well to impress upon the reader the need to adopt only the fittest and most modern of business ways, even though they conflict with time-honoured customs; as we feel confident that by judiciously pruning their existing methods, and exercising discretion in grafting their view, they will obtain that prosperity which is desired by all.

The British merchant has rested content for years on a reputation made by previous generations, and apparently he has no idea that anything can happen to alter his position in the markets of the world, with the result he is gradually being ousted from his position.

Civilisation has altered things. Times have changed, men have changed, methods of manufacture have changed, and methods of selling and buying have changed. There is keen competition for business, and it is easier to locate demand. It is no use in these days to depend on luck or to bank on prestige. A statesman recently aptly described the characteristics of our business men in these terms: "I have often talked with those who have far wider and deeper knowledge of particular branches of industry, and I have always been struck by the difficulty they often find in expressing their experience in the broader categories and wider descriptions which are generally applicable. They can see their own business in the special light of their own experiences, but they cannot bring it into harmony with the general laws or rules applicable to other places and times, nor see the general relationship in which their particular branch of business stands to other branches of business." He then proceeds to describe another man in these words, "The man of speculation, the man who devotes his time and study to the work, the valuable work of the economist in this and other countries, can rarely have any direct experience of the business methods which are adopted, and which business teaches us ought to be adopted, in commerce, in finance, in railway work, and in other great businesses on which the commercial welfare

of the world depends. And you have, therefore, at the two poles, the theorist, who deals in closely cut ideas, with laws which can be expressed in very precise language, and from which logical deductions can be made, and you have at the other end of the scale, the man intimately acquainted with the details of business, capable of himself directing or aiding in the carrying on of some vast commercial enterprize, who has never in his life taught himself to look at the business in the more general aspect which would naturally occur to any man properly trained in the wider views. . . .

A man of science builds, and carefully builds, on the foundations left by his predecessors, but they are the foundations and it is his business to raise, tier by tier, the fabric of ever progressive knowledge."

Unfortunately, until of recent years, among a certain class it has been considered derogatory to their position to be connected with trade in any form. For some inexplicable reason it has been commonly admitted or agreed among this class that a man earning his living as a member of a profession was admissable among them, whilst a trader was not. What real distinction there is I cannot see, except that in some considerations the latter may congratulate himself at his exclusion. Education alone does not appear to count. This, maybe, took its inception from the early distinction between the "gentlemen" and the shopkeeper. But to-day things are on another footing. Some members of the nobility have become shop-keepers, and the quality of the man in "society" is judged by the size of his banking account, and the fact that he has made money by selling pickles, or what not, is conveniently forgotten. Society of to-day is largely made up of the children of these ambitious traders, but are they as a rule cultured? It is true they receive the best of education that money can buy, but apparently with little benefit. President Roosevelt in speaking of this matter said, "If a college education means anything it means fitting a man to do better service than he could do without it, if it does not mean that it means nothing, and if a man does not get that out of it he gets less than nothing out of it. No man has a right to arrogate

to himself one particle of superiority or consideration because he has had a college education, but he is bound, if he is in truth a man, to feel that the fact of his having had a college education imposes upon him a heavier burden and responsibility, that it makes it doubly incumbent upon him to do well and nobly in his life, private and public. If a man does not have belief and enthusiasm the chances are small indeed that he will ever do a man's work in the world, and the paper or the college which, by its general course, tends to eradicate this power of belief and enthusiasm, this desire for work, has rendered to the young man under its influence the worst service it could possibly render." Thus we have the business man destitute of wide perception, the theorist without practical knowledge and the scholar lacking in thought. The usefulness of their respective knowledge is limited but consolidation would represent strength and might. Broad education is the fundamental step to success. It serves to "open the mind, to correct it, to refine it, to enable it to comprehend and digest its knowledge, to give it power over its own faculties, application, flexibility, method, critical exactness, sagacity, address and expression." The business man should strive to recognise his defects, improve his perception and make daily progress in his knowledge of matters in general as well as matters in particular.

A great source of weakness in those of our manufacturers and merchants who are trading abroad is their lack of perspicacity, their refusal to comprehend that to successfully compete with their rivals, to secure confidence, and which is most important, orders, their catalogues, price lists and particulars should be prepared and issued printed in the language of the country with whom they are doing business. Moreover the measurements and prices contained in these catalogues should be given in the coin, weight and measures of the country to which the language belongs. If there are difficulties in calculation, then the approximate weights, measurements and prices may be given with their English equivalents. The seller should make it his business to prepare a table for himself representing equivalents and not expect the purchaser to

trouble to do these things. The next point is, that insufficient use is made of the art of illustration. So faithfully can articles and things be now portrayed that every opportunity should be taken of showing to the prospective purchaser, in print, the goods that are offered to him. Thanks to the progress made in this direction, a catalogue can be as productive of business as a traveller with his samples. It always pays a good house to produce its catalogues and particulars in the best possible style, and let it ever be remembered that if a thing is worth doing at all it is worth doing well, therefore in the arranging of these matters, as in others, it is advisable to employ those who specialise therein. The language used in catalogues must be as forcible and convincing and to be this it requires careful translation. It is just as practicable for the merchant to produce here his catalogues in Chinese or Japanese as in French or German.

Many readers no doubt will have received some of the circular letters from Abroad, and will appreciate that in many cases, through inexperienced translation, it is difficult to grasp the meaning which their compilers desire to convey. This point may be further illustrated by the following passage in a circular sent from Belgium to some American philatelists which is culled from the *Scrap Book*.

"Seek your good correspondents extra European? want you postage stamps from Africa, America, Asia, Oceania? Sent immediately and advertisement for the Extra-European Directory, 4,000 addresses of Philatelists, residing abroad europa. Works price, book in 8 deg. stitched. The advertisements sind inserted opposite the country selected by you. . . . One Justification copy gratis," and at the bottom of the page the reader is instructed to "Twirl the page please."

HOW TO KEEP PROPER BOOKS OF ACCOUNT.

NO commercial man with any training will dispute the great importance, and necessity for keeping proper books of account ; but incredible as it may seem, there are thousands of traders who fail to record their transactions, and who conduct their businesses with little knowledge of their actual financial position. That this is the case, many of our readers who have sought openings for Capital will have found out long ago.

Book-keeping is neither difficult nor very complicated, providing a proper system be started. Many a business man has found himself suddenly involved in difficulties through not keeping proper accounts, which difficulties could have been averted had he done so. The recognised principle of keeping books is the same in all cases, but every business requires a system applicable to its peculiarities, and in order to get the best system, it is advisable to call in an accountant—and an accountant with experience. The cost is small, and the benefit derived is great.

When once a correct workable system has been established, a trader can, without difficulty, keep his books in proper order, and in such manner as will enable him to know what portion of his business is paying and the portion that is not, and which will also enable him to obtain, at any moment, an accurate knowledge of his position.

Book-keeping is the art of recording a business man's transactions in as simple a manner as possible, consistent with obtaining the necessary information for his proper guidance.

It is universally recognised, and indeed it is required by law, that every trader should keep books of account, duly setting forth his daily transactions, so that, when occasion requires it, by a mere reference to them his financial position may readily be ascertained. But how often has it been found, owing to want of system and unacquaintance with the object that book-keeping has to serve, that, although a more or less elaborate attempt has been made in the way of account keeping, for all the benefit secured the primitive slate and chalk marks of the small shopkeeper or village innkeeper might have been adopted? In such cases it is true, as a rule, that all sales are carefully booked to the customer and his payments entered in the cash book and written off his account, but there may be other bookings, which, for the want of the necessary knowledge to systematise the accounts are more misleading than useful, being mere memoranda, and nothing more—which in time become confusing and meaningless even to the writer of them—rendering the primitive method of the slate and score, in comparison, a marvel of perspicuity and simplicity.

A trader, if he be wise, should keep his accounts in such a way that, by a mere reference to his ledger, he should be able to note the growth or decline of his business in any of the articles in which he may deal, and to observe the increase or decrease of his expenditure on any particular item of trade outlay. It is by such knowledge alone that a business can be properly managed and made prosperous. Of course, such accounts are in addition to the "Personal" accounts, and are, in fact, their counterpart or "Double entry" accounts.

By careful attention to the book-keeping at starting, many a business might have been saved that has come to grief for want of the precise knowledge requisite to detect its weak spots. These can be discovered if the accounts be kept upon a correct system. However good be the memory brought to bear upon the business, and however

acute the powers of observation, there will be few who will not readily admit that, within their own experience, there have been times when, but for collecting the figures and obtaining the exact result of a number of transactions extending over a period, they would have continued under an absolutely wrong and misleading conception of the actual state of things. In a matter of business such an error might have the most disastrous results, and these are the consequences to which a business man is liable if he neglects the precaution of having his accounts kept in a proper manner. Probably, when required, the figures cannot be collected from the loose memoranda. "Perhapses" and "may-be's" take the place of certainty.

No doubt in many cases the omission to keep accounts in a systematic manner is the result of the want of appreciation of the importance of so doing, as an aid to the satisfactory management of a business. Underlying this, however, and, in some cases, even over-ruling every other consideration, is the desire to avoid what is erroneously looked upon as an unprofitable expense. As has been pointed out, there can scarcely be a more erroneous idea, which, sooner or later is sure to make itself manifest in a more or less costly manner, when it is, probably, too late for the mistake to be rectified.

Without question, in the case of a small business, at its launching, there is the difficulty that permanently to engage the services of an efficient book-keeper would be too costly and out of proportion to requirements of the business. There is also the reluctance to seek the assistance of a firm of professional accountants, fearing that the turnover involved might be too small, or that the time occupied by the accountants' clerks on the books, combined with the professional scale of charges, would mean too heavy a reckoning to pay, especially before the need of a correct system had made itself felt.

Recognising that this expense is a deterrent, in the case of a business employing in its initial operations only a small capital, we some time since made suitable arrangements in regard to a special staff of experienced clerks, and we are now prepared, at a merely nominal fee, to open the books suitably for the respective businesses for which

they are required. Should it be desired that we keep the accounts written up, we make it a rule to consider the nature and dimensions of the transactions in proposing to our clients the fee for such work. We have found that this consideration for the circumstances of any business is duly appreciated, and only requires to be more widely known to bring a large accession to the number of our clientele, as under these circumstances there can be no valid reason why the trader on the smallest scale should not have his books opened and kept in a proper and business-like manner.

HOW TO TRAIN BOYS FOR BUSINESS.

ARE boys properly trained for business? The question seems almost superfluous at this time of day, but that there is real need for its asking, a cursory examination will make evident.

A boy intended for the Army, the Navy, the Church, Law or Medicine, spends years in qualifying for the profession into which he will not enter for several years after his schoolboy stage is past. His studies are directed to the requirements of the particular profession determined upon, and, when he enters it, he has, at least, its rudiments at his finger ends, and can apply himself to the acquisition of that practical knowledge to which, of course, his school and college education were merely effective preliminaries.

This, unfortunately, is not the case when a lad is destined for a commercial career. He leaves school with a smattering of Latin, Greek and French, has a nodding acquaintance with shorthand and is fairly well drilled in the three "r's." When he mounts his stool in the office, however, and his seniors find that he spells "consistent" "concistent"; does not know how to copy a letter; wonders what an index means; has not the remotest idea of the postage of a two-ounce letter to New York; calls up on the telephone "Five thousand seven hundred and twenty-five," when he means 5-7-2-5; does not know the difference between a contract note and an order form; is unconscious of the true inwardness of B/P and B/R; cannot explain "inst.," "prox.," "per pro," "f.o.b.,"

"E. and O.E.,"; and loses himself in the wilds of "negotiability," "demurrage," "bottomry," and "ad valorem," what can be said of such a lad's educational equipment?

The whole system of present day education—that is, school education—seems to us to be altogether awry. If a boy is going to be a chemist, teach him chemistry and Latin. If he is going to be an actuary, mathematics are of much greater value than chemistry and Latin. If his tastes are artistic, why weary him with the binomial theorem or the "Wealth of Nations." General knowledge is a very pretty possession for dinner table purposes, but the provision of the dinner is *the* consideration in an age in which specialisation is absolutely necessary for the lad who has to make his way in a world of competition.

The coming man of business must be something more than an encyclopædic gramophone—or, perhaps, it were more accurate to say, something less. Let his general knowledge be as extensive as time will permit, but let his special knowledge be accurate. Something more is needed to-day than a capacity for solving a "rider" in Euclid or for translating a page of Virgil. Euclid and Virgil have their uses, but they are, after all, of comparatively little assistance in the strenuous fight for life—a fight that, to all appearance, will become more bitter as the twentieth century grows older.

The lad of the present generation requires "grinding" in the theory of business and its practice. He ought not to have to wait for his apprentice days to learn the rudiments of the trade or business to which he is attracted, or which his parents may have selected for him. A knowledge of the principles of sound trading—principles which make for solvency—of methods of dealing, of book-keeping and other matters closely associated with a commercial career, is of infinitely more importance to the coming man than his being able to write down the principle of a Greek verb or to express in its simplest form the $(r+1)^{\text{th}}$ term of $(2ax^2-x^3)^5$.

Whether Great Britain will be the better, morally or physically, for a posterity with characteristics more

closely allied to those of the stolid, persistent German, or the restless quick-lunch American we, of the present generation, cannot well foresee. This much, however, is absolutely certain, that unless we wake up to the necessity of a "thorough" education of our boys, the boys, when men, will find themselves at the back of the pit when Germany and America are occupying the stage.

HOW TO OBTAIN ADDITIONAL CAPITAL.

SHALLOW waters suffice to enable the little river steamer to pass on her business, but the stately liner and the merchant ship require the deepest tidal waters, or the ocean itself beneath their keels, to bear their precious cargoes in safety from port to port. Great measures need great means. Many a good ship of business, her bulk increased by her growing trade, has been stranded, and has gone to pieces for lack of capital to float her to success.

To drop metaphor. It is a fact that in almost every business that prospers, the lack of additional capital, to enable it to cope with its larger operations, is constantly making itself felt. In every direction the want of means checks its legitimate enterprise and development.

The ways in which the additional capital may be obtained are various. An active or a sleeping partner may be secured ; a loan may be raised ; or the business may be converted into a Company with limited liability. The question for consideration is, which of these ways is the best one ?

With regard to the first proposal, if the nature of the business allows it, and it has made sufficient progress to provide employment for an active partner, then this is the best step to take, although even then limited liability partnership is to be recommended in preference to ordinary partnership : the reasons for this are fully dealt with in another chapter of this book.

The second suggestion—of a loan—presents the disadvantage that definite security, in the way of stock or otherwise has to be pledged in order to obtain it, and thus the business is handicapped, and the freedom of its working curtailed. The loan, too, when obtained, is essentially temporary in its nature, and offers no permanent relief. On the other hand, under limited liability loans on Debentures may be raised, which, secured as they are on the whole undertaking, and not on any particular part of it, do not present the same difficulties.

The third method—that of conversion into a Limited Company offers distinct and considerable opportunities for raising the wished for capital. There are not many business men who are making satisfactory progress, and have not friends or acquaintances cognisant of the success of their business, and who consequently would be only too glad to secure some share in it, if even a small one, were they properly approached, and particulars laid before them in a straightforward manner. Members of wholesale firms, also, from whom goods are purchased, and others who might be glad to supply them, can be approached, with in view to getting them sufficiently interested to desire a permanent interest.

Speaking practically, there should be no great difficulty in getting additional capital for a progressive business with good prospects. It is always to be borne in mind that there are a very large number of people who possess sums, large or small, which they are desirous to invest profitably, as well as safely, and that such an investment is not easily found among the great industrial undertakings of the world. The really sound and progressive business, though it may be small, provides, when converted into a Limited Liability Company, such an investment. But of course much depends on how the capitalist is approached, and how the details are set before him, as well as upon the energy shown by the man who requires the capital, and on the favourable impression which he creates in the mind of the prospective investor.

In this as in every other business there are those who are experienced, and they should be consulted and all the facts should be carefully laid before them.

HOW TO NEGOTIATE A PARTNERSHIP.

SAYS the immortal Tom Pinch on the memorable occasion of his first visit to London, "I have been looking over the advertising sheet thinking there might be something in it which would be likely to suit me, but, as I often think, the strange thing seems to be that nobody is suited." Dickens, with the intuition of genius, touches a difficulty which is as real to-day as it was at the period of which he wrote.

The business man advertises for a Partner—the Capitalist advertises for a Partnership—and yet "nobody seems to be suited." It would be strange indeed if they were, for for one genuine advertisement appearing in the columns of the paper, there are many which are little more than attempts at imposition.

Even with the few cases of genuine advertisements and genuine replies, assuming that these can be picked out from the mass of trash, the difficulty of "being suited" is only begun.

Neither party can estimate fairly the value of the article he has to dispose of. The business man over-estimates the value of his business, the capitalist expects to receive more for his capital than he can in equity demand.

And herein lies the necessity for "Our Mutual Friend," the Partnership Agent, through whose experienced intervention the business man, on the one hand, and the capitalist, on the other, are able to come to a just and fair agreement on the subject of a Partnership.

It is important that the relation of the agent to his principal should be clearly understood. It is not sufficient that he should act simply as the registrar on the one hand of "Partnerships Wanted" and on the other of "Partnerships Vacant," bringing the two together haphazard. He must act as, and be regarded as, an independent and confidential adviser, remembering that the negotiating of such transactions is his daily work, and that he necessarily has acquired experience therein.

It has been said that the man who conducts his own lawsuit in person has a fool for his client, and, excepting that "fool" is an unnecessarily strong term, the saying is true of all people undertaking business in which professional assistance can advantageously be used. Your Doctor attends you in illness, your Architect builds your house, your Solicitor draws your will, and similarly your Partnership Agent advises and assists you in regard to Partnerships. His fee depends on his success, and in this regard his position is unique.

The business man seeking a partner sometimes thinks it unnecessary to furnish sufficient particulars to enable his agent to form a clear idea of his business. This is a great mistake. It is not practicable for the agent to place before his capitalist clients proposals of partnership unless he himself is fully informed as to the position of affairs. Were he to attempt to do so he would soon lose his client's confidence, and his agency would become a farce. All important acts should be stated, of course in confidence, and more especially the figures relating to assets, liabilities, and profits. The agent is then enabled to judge exactly the value of the business, and, being satisfied himself, can speak confidently about it to his clients, and put the business man in the way of getting a fair price for his partnership. He can, too, often give advice and show reasons why the price asked is excessive, or possibly too small. It is not reasonable to suppose that an incoming partner will pay an exaggerated price for out-of-date stock or for goodwill. In such matters it is well to ask the agent's advice.

The capitalist, on the other hand, must bear in mind that he cannot expect to enter an established business,

showing profits, without paying something for goodwill. Such a business has a distinct value apart from the assets it may be able to show in the way of stock, etc. Again it is common, as it is natural, for the capitalist to expect too large an immediate return for his investment, but as a rule it is better to accept smaller returns at first in a sound business, and look to trade development for a larger income in the future. Nothing is more common, and nothing raises suspicion more surely in an experienced agent's mind, than specious promises of abnormally large incomes to prospective partners, for only moderate investments. Such promises are cheap, and are the current coin of imposters, or over sanguine speculators. Technical knowledge is always of value in the particular trade which it applies, but it is sometimes not quite understood that personal services based only upon a general commercial experience, cannot expect to receive a large financial reward. Such experience is more common than might be supposed, and can be hired at a comparatively low price by way of employés. There are more capable men, by far, seeking to invest capital in sound businesses, than there are genuine businesses open to receive them.

The character of the partnership which an agent can offer to a capitalist is determined by the amount of capital he is prepared to invest, and by any special qualifications or tastes which he may have. It is necessary therefore that the would-be partner should carefully inform his agent upon those points, together with any other, such as locality, which may serve him as a guide. The end to be aimed at is to obtain a partnership in a business, on sound foundation, with a partner who understands his trade, and to trust, as said before, to the development produced by hard work for adequate return for investment.

We spoke, at the commencement of this article, of the difficulty, and we might add the very real danger, of attempting to arrange partnerships through the medium of advertisements alone. But we must not be understood as denying the value of advertisements, when used in conjunction with an agent. Under such conditions a

judicious advertisement is often most valuable, and if your agent advises you to allow him to insert a carefully drawn up advertisement on your behalf it is advisable to incur the cost. The agent of course does not make any profit thereby. The negotiations will be carried on through him and he will be able to sift out the replies worth attention from those which are useless or even fraudulent, while always exercising care not to disclose the identity of his client.

HOW TO SELECT A PARTNERSHIP.—I.

ACTIVE PARTNERSHIPS.

WHEN one is desirous of obtaining a partnership, the first question to be decided is:—What class of business is most likely to suit the prospective investor?

On this point the capitalist's own experience and ability must be his best guide, unless it should happen that he is desirous of learning a new business, or has never been in business before. In the latter event it may, in nearly every case, be best that a position as manager of accounts and books, with general indoor supervision should be sought, and, if obtained, the incomer should in a short time gain considerable knowledge of the working of the business and have some idea of the prospects of its prosperity.

Assuming that these points have been decided, the next matter which must receive the prospective partner's attention is the obtaining of particulars of an opening likely to suit him. These can be obtained:—(1) through the introduction of friends; (2) through the advertisement columns of the daily papers; (3) through an agent who negotiates this class of business.

To the first mode there can be no objection, but even when dealing with friends, skilled advice should not be ignored. Partnerships arranged in a friendly way are all very well—so long as the friendship lasts. Too often,

however, the arrangement is made in such a slipshod way that in after years, when possibly disagreements arise, it is found that the verbal compact has been conveniently forgotten by one of the parties concerned, or that the written agreement is anything but flawless. Friendship and business seldom run successfully together unless arranged on a basis in which common business precautions are strictly adhered to.

With regard to the second method—the utilisation of the advertisement columns of the daily press—it should not be forgotten that the number of plausible quacks who are constantly scanning advertisement columns of innumerable daily papers in the hope of securing a pigeon to be plucked, is legion. The proprietor of a genuine business is not, as a rule, over-anxious to disclose his identity to every wayside enquirer who chooses to present himself, and the consequence is that the capitalist advertising or answering advertisements finds himself deluged with replies from the curious, the ne'er-do-well—the latter always endeavouring to obtain something for nothing—or from “agents” whose claim to the title is anything but well-founded.

The third method—that of obtaining the assistance of a reliable agent—is the most desirable. But, even here, considerable circumspection is necessary. There are agents *and* agents, many who call themselves such having, in reality, no legitimate business connection, and who simply live by their wits.

In the negotiation of a partnership a reliable recognised agent is a boon. If he is reliable he will exclude from his books the “duds”—or rather he will keep a book for their special “benefit”—and he will only put forward for consideration those openings which he has to some extent investigated, and which appear to his experienced mind worthy of an investor's consideration.

Having selected his agent, the prospective partner will proceed closely to examine the possibilities of the partnership which has been recommended to him.

Here, again, the reliable agent is indispensable. Instructions should be given to him to have the necessary investigations made. Some adopt the plan of instructing

their accountant, but the former course is preferable, and should be less expensive, as the agent will know the best accountant for the particular business and will be able to get the work done at less expense. Accountants, like lawyers, will take any business, but the most important have special experience in a particular class of business, and specialists should be sought wherever obtainable.

Assuming, the investigation is satisfactory, and that suitable terms are agreed upon, the next step is to have the necessary legal documents drawn up by a properly qualified lawyer, and here again the agent's assistance will be of service, as, if he possesses the knowledge he ought to possess, he will see that the documents provide for all possible contingencies. In small transactions, of course, the agent should be able to see the matter completed at an exclusive fee having regard to the work entailed.

HOW TO SELECT A PARTNERSHIP.—II.

SLEEPING PARTNERSHIPS.

THE first desideratum should be to seek the proprietor of a business which has real scope for the profitable employment of additional capital. I say, "real," because there are some who imagine they could profitably employ further capital, where, as a matter of fact, their business is one which, carried on in a smaller way, shows a good return, but on a larger scale, would not pay.

In selecting a channel for the employment of spare capital, where the capitalist does not desire to become an active partner, more caution should be exercised than might otherwise be necessary, by reason that an *active* partner has, to some extent, control over the capital he introduces, or he should be in a position to know from day to day how and in what direction his capital is being utilised, but in a sleeping partnership this supervision is, to a considerable extent, impossible.

Of course, it may be urged that, taking for granted the active partner was reliable, he could, by the terms of the agreement, be restricted in his dealings, but any business man who is capable and worth consideration would not agree to irksome conditions, which would probably hamper him in successfully conducting his business, and thus defeat the object of employing the additional capital to advantage.

Granted that the man has the ability and the qualifications of business capacity, it would be absurd to so restrict him, by reason of there being so many matters in conducting a business, which require immediate and decisive handling as opportunity occurs, the successful issue of which generally necessitating prompt measure.

The initial step, therefore, is to secure a man who is worthy of your confidence, not only on account of his integrity and uprightness, but also as having the qualifications necessary for a successful business man; and, presuming he has these former attributes, one who has the connection or goodwill, and the machinery, or whatever you may term it, wherewith he is likely to succeed by employing the additional capital with profitable results.

It may be useful to the inexperienced reader to indicate some of the qualifications which go a long way towards the making of a good business man. Chiefly, they may be enumerated thus:—Experience, foresight, keenness, promptness, punctuality, honesty and fair dealing, soberness, and a strict adherence and attention to business at all times, irrespective of private, social or other engagements. To be successful the mind must necessarily be occupied almost solely in the business at the expense of outside considerations, and granted he has these qualifications even they will be of little use to him if he is engaged in a business which is out of date, or the successful handling of which would require capital far beyond his reach.

Assuming the suitable man with a business capable of profitable extension has been found, the next important step is to consider the form of partnership. Here I would give the reader a little practical advice, and that is on no account to entertain going into a partnership as a *sleeping* partner on an ordinary partnership deed. The responsibilities of the Partnership Act, 1890, are too great to incur with equanimity, and they should be avoided. This can be easily and comparatively inexpensively accomplished by the registration of the firm as a Private Company, *i.e.*, A Limited Partnership.

Space does not permit of my dealing fully in this article with the advantages to be derived from this

course, but among them may be shortly enumerated the following :—

(a.) In cases of partnership, each partner's interest is clearly defined and his liability absolutely limited, and he does not incur the heavy responsibilities and risks which the Partnership Act involves.

(b.) Insolvency results only in the winding up of the company, and does not, as in ordinary business, involve the bankruptcy of the proprietors.

(c.) The retirement of a partner or principal can be easily arranged without disturbing the working arrangements already in existence.

(d.) There is a facility for transferring interests in a limited liability concern. In ordinary partnerships, in nine cases out of ten, the widow or legatees lose greatly by the partnership being dissolved, whereas, under limited liability, the interests in a business can be bequeathed in whatever manner desired.

(e.) A person can be interested in several different businesses simultaneously, and his liability limited in each one.

(f.) Savings can be invested free from many of those elements of risk which business men are always liable to.

NOTE.

The Advantages of Limited Liability are more fully discussed in another section of this book.

HOW TO OBTAIN A PARTNER WITH CAPITAL.

A SHORT time since a client came to consult me, and, among other things, he informed me that he had for a period of two years been endeavouring to get a partner with a couple of thousand pounds capital. He had advertised and interviewed a number of inquirers but without result. He had been near fixing-up on one occasion, but by the time the accounts had been prepared the prospective partner had another advantageous offer made to him and he accepted—the other. I carefully listened to all that was told me, and after putting several questions was favourably impressed with the information given me, and decided to go fully into the matter. I was able at once to discern the weak spots, and immediately prepared a plan which would be attractive to a capitalist, besides being fair to the proprietor of the business; and within a few weeks I succeeded in introducing the necessary Active Partner with capital. This is an illustration of the necessity of method and experience.

It may be said at once that successfully to negotiate a partner, much care and experience are necessary. If the individual requiring capital has this experience, then he must have had many partners, and with that class of person it is not now necessary to deal, but for the benefit of capitalists I shall probably at some future date deal with him, in the form of a warning and a class to be avoided.

It must be borne in mind that a capitalist is always nervous, and rightly so, of falling a prey to undesirables, and therefore, where the parties are dealing direct with one another, and without introduction, the capitalist commences negotiations with suspicion which may never be

removed, and consequently it is seldom partnerships are successfully concluded in this manner. The services and advice of a reliable agent should be sought. The field for selecting an agent is undoubtedly very limited, but there are several reliable firms to select from. The qualifications of the successful agent have already been dealt with in these pages. In selecting the agent care should be exercised that the one chosen has the necessary qualifications in addition to a large clientele.

It is an undisputed fact that in preliminary transactions between two parties a third party can engineer matters with a much greater chance of success. Having well chosen the agent, his advice should be followed and acted on. He will, having due regard to the facts and the position of the business, first prepare a scheme which is fair to the proprietor and attractive and capable of being honestly recommended to and entertained by a capitalist. He will then place the particulars, without disclosing the name of his client, before those whom he considers suitable and capable of entertaining the opening. Having obtained one or more parties who are sufficiently interested in the preliminary particulars given, he will then amplify those particulars, and if the business is entertained, will introduce the would-be partners. These will then commence negotiations under the direction of the agent, and in all probability the matter will be brought to a successful conclusion.

It cannot be expected that success will always be met with at once, or on every occasion. Nor can it be expected that an agent is able to guarantee results, or the length of time required to obtain a partner with capital.

Nor can he in any way undertake any responsibility for the ultimate success of the partnership.

As the agent relies on the commission which is only earned on his endeavours meeting with success, and on the recommendations of his past clients, he must of necessity be just to both parties whom he brings together to secure an *equitable* partnership.

A want of expert knowledge and ability to present a really good business proposal often lead to failure where success should be assured.

POINTS ON PARTNERSHIP LAW.

I.—WHAT IS A PARTNER?

OLD as is the institution of commercial partnership, it cannot be denied that, to the lay mind, the exact relations created by it are but little appreciated. Perhaps this is the natural sequence consequent upon the fact of its antiquity ; an antiquity producing, as it must of necessity do, many complex and intricate circumstances, and a correspondingly numerous array of legal decisions.

That the institution of partnership as a recognised state of commercial relationship between men—perhaps one should now add the fairer sex—is of extremely ancient origin, may perhaps not be known to its true extent by many. I have before me now a photograph of a papyrus discovered, or at least purchased, at Elephantine. It is an agreement between a Semetic firm and a clerk of the Treasury, being, in fact, a moneylenders' agreement. The partnership in question flourished some 400 years B.C., and that it was an example of successful partnership may be assumed from the recurrence of the same name in other papyri which have been discovered in the same locality. Here, at any rate, we have instance, not by many centuries the earliest, of the respectable age of the institution with which I propose to deal in some few of its aspects.

In our own country, it was not until the year 1890, when the Partnership Act of that year came into operation, that any real modification of the laws affecting partnership were made. Prior to that Act, the laws,

excepting Bovill's Act, which dealt only with the question of limited partnership, consisted of "case law," that is of the decisions of the Courts on the cases dealing with partnership brought before them.

The Bill, drafted by Mr. Frederick Pollock, at the instance of Mr. Sampson Lloyd, then member for Plymouth, was first introduced in 1879. Eleven years later, after many vicissitudes, it became part of the Statute laws of the realm.

I propose, in this article, to endeavour shortly to explain the real meaning of "a partnership," a task which I do not think can be regarded as an act of supererogation, as, in spite of our familiarity with the state in question, the majority have but a vague perception of its limitations. In other articles, I shall deal with the question of the relations between partners (from, I may add, a legal view alone), and of the relations between partners and persons dealing with them, and also with the less pleasant but equally important question of dissolution of partnership.

The Act of 1890 defines a partnership as "the relations which subsist between persons carrying on a business in common with a view to profit." This definition might at first sight appear sufficiently wide, but, as has been suggested, the following is a more accurate definition, namely, "the relationship which subsists between persons who have agreed to share the profits of a business carried on by all or any of them on behalf of all of them."

Having stated what constitutes a partnership, the Act proceeds to limit the definition, or rather to explain its limitations, which are not *primâ facie* apparent.

To take examples which are of common occurrence, and the more practical importance, we find that participation in profits, incident to ownership jointly or in common with others of the property producing the profits, does not of itself constitute a partnership. Again, the one may afford *primâ facie* evidence of a partnership, by sharing in the profits of a business, and yet not be a partner. The system of remuneration of employés by a share in the profits of the employer's business does not, it need hardly be pointed out, constitute the employé a partner.

Another case may be cited, that, namely, of the very usual provision, by way of annuity, for the widow and children of a deceased partner out of the profits of the firm.

Space does not permit me to enter into all the cases in which one may occupy the enviable position of deriving profit without consequent liability from a business. Nor again, to enlarge on the less enviable position of those who may in some measure be liable for the losses, as well as entitled to a share in the profits of a business, and yet fall short of partner's estate.

II.—CAPACITY OF PARTNERS.

Before proceeding further to discuss the position of partners, as between themselves, it may be well to consider shortly what classes of persons are capable of entering into this relationship with others.

The shorter method is, perhaps fortunately, the less tedious, viz., to enumerate the classes which are ineligible. The learned author of "Lindley on Partnership," states these to be minors, persons of unsound mind and convicts within the meaning of 33 and 34 Vict., c. 24; a list from which few would be desirous of selecting a participator in their commercial or professional ventures. But though the list of ineligible is limited and clearly defined, there are cases where, a partnership having been formed, the legal position of one of the partners may give rise to situations which require further consideration. In short, cases when a partner is not *sui juris*.

Something might be said in this respect as to aliens, subjects of a country in or about to enter upon a state of war with our own, and as to felons and outlaws. These classes, however, are of small practical interest in this connection.

A very interesting example is found in the case of an infant, who, once admitted as a partner, occupies a somewhat enviable position, while that of his partner may become far otherwise. For example, an infant, generally speaking, cannot be made liable for the partnership debts, nor for the misconduct of his partner. He can also, on coming of age, disaffirm past transactions carried out

during his minority. Neither is he liable to the pains of bankruptcy, though, when once he has been adjudicated bankrupt, the order will not be superseded on the ground of his minority, where it is shown that he has fraudulently held himself out as of age.

There is, however, some consolation to the partner of the apparently fortunate infant, in the fact that the latter cannot claim the profits and disclaim the liabilities. Nor are creditors wholly without redress, so far as this can be afforded by the equitable relief to be found in rescission of this contract.

It behoves the erstwhile infant, also, on his coming of age, to decide speedily on his course of action, for, if he halts long between two opinions, he may be reminded of the case of *Goode v. Harrison*, in which the fruits of vacillation too far prolonged were liability for the debts of the partnership since the coming of age of the minor. Further, should the former infant decide to disclaim his obligations, it is incumbent upon him properly to notify the fact that he has ceased to be a partner, as, otherwise, he will not escape the liabilities of the partnership.

Another example which, unfortunately, and occasionally occurs, is that of a partner becoming lunatic. In this case, the law, if at all partial, does not err in displaying too much leniency towards the lunatic. Thus he is bound, through his representative, to carry out contracts with *bonâ-fidâ* contractors, though dealings with him by persons who must be presumed to know his state are, of course, liable to impeachment. A harder rule is that decided in *Sadler v. Lee*, in which case it was held that a member of a partnership becoming imbecile, was nevertheless responsible for the misconduct of his co-partners. Against this must be set the fact that as a lunacy by itself does not dissolve a partnership in the absence of express stipulation, a lunatic is entitled to a share in the profits of the partnership.

As a final example, the case of married women may be taken, being perhaps the most interesting.

A distinction must first be drawn between married women possessed of separate estate and those not so possessed.

In the latter case, apart from special circumstances, a married woman cannot become a partner, nor can she be bound on the ground that she held herself out as possessed of separate estate. Among the special circumstances giving rise to exceptions to the rule, Lord Lindley, in his work, mentions the cases of a woman whose husband is a convicted felon, a woman who has obtained a decree of judicial separation, or a protection order under the Divorce Acts, and of a woman whose husband is an alien enemy and abroad. The most interesting circumstance is, however, that affecting women trading in London, where, by a special custom, they may trade in partnership without the too often lacking separate estate.

To the more fortunate married woman with separate estate, the state of partnership offers no barriers. Indeed, there may be found some inducement in the fact that she incurs no personal liability, but is liable for her partnership debts to the extent only of her separate estate, and then only to the extent of so much of it as is not restrained from anticipation.

Lastly, it should be noted that though she is liable to the bankruptcy law, if she trades apart from her husband, yet in trading with him as her partner, a married woman escapes this liability, while remaining liable for her partner's debts equally as he is for her debts.

III.—THE PARTNERSHIP DEED.

It may possibly appear superfluous to suggest the execution by partners of a Deed of Partnership. Yet there is justification enough and to spare, as probably many readers are aware, certainly as many of the members of that profession are aware who are frequently called upon to settle differences arising from the absence of any deed or agreement in writing whatsoever between the parties.

It is true that partners without a Deed of Partnership cannot be said to enjoy a position the attributes of which are "in nubibus," but it is at least equally true that when they come to points of differences, to the parting of the

ways, when there are signs of dissension in the caravan journeying on the way to success, the Mecca of all business men, they, and possibly also their adviser are likely, without the aid of this legal compass, to find themselves either at a standstill, with a prospect of disaster, or wandering in a direction other than that of the desired goal.

Granted then, that it is decided to ensure this first step to success, or at least to orderly procedure, what will be the contents of the Deed of Partnership?

It will be readily understood that there can be no fixed form of covenants and agreements suitable to all trades and professions. It is equally obvious that a detailed dissertation is impossible within the space at my command.

It is, however, possible to mention some few points which should be taken into consideration in the preparation of any Deed of Partnership.

The first requisite is to provide a name for the partnership, the selection of which is a matter largely of common sense, though, sometimes, in cases of a certain order, it is one calling for a considerable amount of ingenuity. Of this, however, we need not speak, as it is outside the scope of this article. The next is to fix the place or places of business. This again presents no difficulties except, perhaps, in the case of Turf Commission Agents, when prudence may in certain cases, and in the light of recent decisions, suggest a foreign business address!

Then follows another point, equally one with the first of common sense, viz., the appointment of Bankers.

More important are the following, to wit, the capital of the partnership, the division of profits and losses, and provisions as to monthly, quarterly, or other periodical drawings of the partners on account of profits, which should include a proviso for reimbursement by each partner at the end of the financial year or half-year of any sum drawn by him in excess of his actual share of profits.

Next follows a clause which is indispensable to all properly conducted partnerships, viz., that proper books of account shall be kept. This is at once the most time-

worn and neglected of precepts. Heaven forbend that we should add to the avalanche of good advice on this subject with which readers of all professional and commercial journals have of late been inundated, not excepting the moral instructors of the legal profession !

Proceeding, we meet with clauses providing for the exclusive application of the energies and time of the partners to the partnership business, which is, of course, subject to modification in some cases ; also with clauses more or less superfluous, but perhaps useful, dealing with questions arising as to management, discharging of servants, etc.

Next should follow most important clauses, advisable in all commercial partnerships, the first binding each partner not to lend money or give credit on behalf of the firm to persons whom the other partner or partners are not desirous of accommodating in this way (their opinion on the subject having first been formally expressed to the the less cautious partner, in writing) ; and the second, binding each partner not to compound or release any partnership debt without the written consent of the other partners.

The penalty for disregarding these covenants should in each case be the making good by the injudicious or too sympathetic partner of all loss occasioned to the firm thereby.

A less usual, but very advisable covenant, is one to the effect that no partner shall, without the written consent of the other partners, become surety for any other person. All partners have sufficient scope for their energies in combatting the difficulties of their business of which they know, without the liability of meeting difficulties of which they wot not, raised by injudicious acts by any one of the number in transactions outside the business. The remedy for breach may be a negative one, and, it may be, can only be applied as a cure and not as a preventative, but, at least, there is a clear understanding, and a legal as well as a moral obligation created.

Then should follow provisions for the proper taking of accounts at annual or other less periods, according to the

nature and requirements of the business. This is a natural corollary to the previous clauses as regards the keeping of accounts, and calls for no further comment though equally insisted upon by all and sundry and as often neglected.

Finally, we have the clauses dealing with the purchase of an outgoing partner's share, or of that of a partner becoming bankrupt, lunatic, incapable, or guilty of misconduct in the partnership affairs, of which it is not possible to say more now, further than that it is extremely advisable to have this definite arrangement in order to protect the remaining as well as the outgoing partner, and that it is well to prescribe a mode of valuation, and to provide for the inclusion or exclusion of goodwill from the assessment, the deed concluding with an Arbitration Clause, with a view to ensure the saving of expense in settling differences and with a view to providing a private laundry on approved principles, for the washing of the firm's "dirty linen."

Having briefly sketched the outline of a Deed of Partnership, which, as said before, is in every case liable both to be modified and also amplified, we may, in future articles, consider some of the points which frequently arise in the course of existence of partnerships, however carefully constituted, and which, as a set off to the manifold advantages to be derived from that estate, form quite unnecessary reminders of the truth of the old adage, "*Nunquam rosa sine spinâ.*"

IV.—THE PARTNER AS AGENT.

One of the blessings, not altogether unalloyed, of partnership, is that confirmed, if not bestowed, by Section 5 of the Partnership Act of 1890. Shortly, it is that every partner is an agent for all the other partners for the purposes of the business of the partnership, so far, at least, as his acts are done "for carrying on in the usual way the business carried on by the firm." What acts may come within this provision can, of course, only be determined by considering the nature of the business and the practice of persons engaged in it.

Cases occur from time to time when the act in question appears doubtful from this point of view, as for example, in the case of *Hedley v. Bainbridge*, where it was held that the acceptance of a bill and the making of a promissory note was not an act done for carrying on in the usual way the business of a solicitor, though, of course, this would be such an act in the case of any mercantile partnership, or in the case of a banking partnership.

Difficulty sometimes arises on the question of agency as affecting dormant or sleeping partners, the criterion in such cases being whether the persons appearing in the conduct of the business are merely agents for undisclosed principals, in which case the principals are bound by their acts, or are not agents, but principals themselves.

Liability for a partner's acts begins with the partnership, not with the execution of the formal deed, the question being, when did the partners begin to carry on business on a joint account? This point was illustrated by the case of *Battley v. Lewis*, where the partners had agreed to become partners as from a future date, upon terms to be embodied in a deed to be executed on such date; but, though the deed was not executed on that day, they nevertheless began to carry on business as partners on the date originally agreed, and were accordingly held liable for the acts of one another, whether these occurred before or after the execution of the deed.

A distinction must be drawn, however, between the case of a prospective agreement, as in the case just mentioned, and a retrospective agreement, as in the case of *Vere v. Ashby*, where it was sought, unconsciously, to make the defendant liable for the act of one of his partners done before the defendant entered the firm, though he had agreed with his partner that the partnership should be deemed to have begun at a date earlier than that on which it actually began, and earlier than that on which the act in question was done.

So also, an incoming partner is not liable for acts done before he joined the firm, for though it might be thought that he ratifies such acts by his entry into the firm, this

is not so, for the reason that he cannot ratify or confirm an act not done on his behalf, so as to make himself liable. But, though a special contract made before the partnership by one of the partners is not binding on his partner joining him subsequently to such act, yet in some cases there may be a liability created by a new though tacit contract, which appears, at first sight, merely a continuation of the original contract made before the partnership. This was found to be so in the case of *Dyke v. Brewer and Tiddy*, when the unfortunate Tiddy was held liable on a contract made by Brewer with the plaintiff before the partnership, for the supply by the former of bricks, whenever Brewer should want them, in future, at 28/- per thousand, ready money. The bricks, for the price of which Dyke sued, were supplied after the partnership, on the terms of this contract, and were used in the partnership business for the purpose of building Troy House Tunnel, on the Newport and Monmouth Railway.

There is, of course, nothing to prevent an incoming partner from making himself liable for debts incurred before he joined the partnership, but, to do so effectually, there must be an agreement with the creditor, though not necessarily an express agreement, which must be founded upon some sufficient consideration.

During the continuance of the partnership, one partner cannot derogate from the power of another to bind him to the extent above mentioned, viz., in doing acts usual in carrying on the business of the partnership, for to do so would destroy the very basis of the relations between the firm and those dealing with it. At the same time, where there are several partners, the majority may decide on some alteration in the method of conducting the business, and may escape liability for the acts of the minority, on giving notice to persons dealing with the firm, e.g., in the case of the majority deciding that certain acts, such as accepting bills, shall not be done in future by one partner alone.

A partner, on retirement, must exercise proper caution if he wishes to avoid a continuing liability for the acts of the firm.

Retirement by death or bankruptcy naturally frees the partner's estate from liability for future acts, as also, equally obviously, does the retirement of a really dormant partner.

In the case of an ordinary retirement, however, the partner retiring must, in order to protect himself against future acts of the partnership firm, take proper steps to notify the customers of the firm, who may presume him to be still a partner, in the absence of reasonable notice to a contrary effect. In the case of customers not dealing with the firm until after the retirement of the partner sought to be made liable, notice in the Gazette, as provided by the Partnership Act, is sufficient to protect such partner.

As regards acts done while the retiring partner, was still in the firm, his liability, as between himself and the creditors, naturally continues until determined by acts between the partners, such as payment, release by creditor, and substitution of debtors and securities (an intricate subject beyond the scope of this present article), or by the provisions of the Statute of Limitation, by virtue of which the partner may, in ordinary cases, look forward to indemnity, at the end of six years from the time when the liability accrued, though, in some special cases he may, in the absence of the other methods of settlement, remain liable for twenty years.

Such, then, are the liabilities of a partner for the acts of a firm, consideration of which emphasises the necessity for careful choice of those in whom so much confidence must be reposed.

PARTNERSHIP INSURANCE.

WHEN two persons combine in any business undertaking which is expected to last for a term of years, or during the lifetime of either, it is obvious that some provision must be made for the possible intervention of death. As an example :—A and B, each aged 40, start in business together. The share of each is, say, £1,000. A dies in the course of a few years, and B finds himself in the position of either having to pay out, in cash, £1,000 to A's relatives, or else having to continue the business and pay half the profits of the same to persons who have no interest in the concern other than that associated with the receipt of a half-yearly or yearly cheque.

Query? What should A and B do?

In former days A and B would, in the first instance, have taken out a "partnership policy" of insurance for £1,000, and this would have entailed the payment of an annual premium of £42 or £43, provided the policy was a "non-profit" one, which premium would, of course, be paid by A and B conjointly. When A died, B would draw the £1,000 from the insurance office and pay A's relatives off. But—and it is a big but—B would then be uninsured himself, and, possibly, uninsurable.

For this reason we do not recommend joint life policies. It would have been by far the better course for A and B to have taken out separate insurances for £1,000 each, the combined premiums (which in our illustration would amount to about £35) being paid by the firm. The annual payment would be larger, of course, but then there would have been two thousand pounds of life insurance involved instead of one; and, when A died, B would have been able to pay out A's relatives and still be insured for £1,000 himself.

PARTNERSHIP RESPONSIBILITIES.

A GREAT many people daily embark upon a partnership or profit-sharing scheme with some firm or person without knowing or realising the serious responsibilities, liabilities, and hazards they are incurring, and which the Partnership Act (1890) makes a necessity.

On a person entering into a partnership he immediately becomes jointly and severally responsible for all the firm's engagements during his term of partnership, and in the event of his partner becoming a bankrupt (although through causes in no way connected with the firm) and the firm being unable to meet its liabilities (perhaps through his partner having withdrawn part of his capital or in consequence of other causes), he becomes responsible, and might also be involved in bankruptcy.

Section 9 of the Partnership Act of 1890 reads :—

“ Every partner in a firm is liable jointly with the
“ other partners, and in Scotland severally also for
“ all debts and obligations of the firm incurred while
“ he is a partner, and after his death his estate is
“ also severally liable in a due course of administra-
“ tion for such debts and obligations so far as they
“ remain unsatisfied, but subject in England or
“ Ireland to the prior payment of his separate debts.”

Another serious risk a partner incurs is that his co-partners, either through misfortune or injudicious judgment, may suddenly involve the firm in liabilities far beyond its control, and thus implicate him, although

he may have had no knowledge of his co-partners' transactions.

Section 10 of the Partnership Act of 1890 reads:—

“Whereby any wrongful act, or omission of any partner, acting in the ordinary course of business of the firm, or with the authority of his co-partners, loss or injury is caused to any person not being a partner in the firm or any penalty is incurred, the firm is liable therefor to the same extent as the partner so acting or omitting to act.”

Then, again, a partner by necessity has to undertake grave responsibilities, in that he becomes responsible and is liable, should the firm in the course of business receive any money or property from a third party for some special purpose, and that money be misappropriated by his co-partners, although he may know absolutely nothing of the matter.

Section 11 of the Partnership Act of 1890 reads:—

“(a) Where one partner acting within the scope of his apparent authority receives the money or property of a third person, and misapplies it, and (b) Where a firm in the course of its business receives money or property of a third person, and the money or property so received is misapplied by one or more of the partners while it is in the custody of the firm, the firm is liable to make good the loss.”

And Section 12 of the same Act reads:—

“Every partner is liable jointly with his co-partners and also severally for everything for which the firm while he is a partner therein becomes liable under either of the two last preceding sections.”

Again, a partner is not allowed to make a profit without the knowledge and consent of all the other partners, from any transaction concerning the partnership, “or from any use by him of the partnership property, name or business connections,” and he must account to the firm for any benefit derived,” and also where a firm “has been dissolved by the death of a partner, and before the affairs thereof have been completely wound up

“either by any surviving partner or the representatives of the deceased partner.”

Section 30 of the same Act reads:—

“If a partner, without the consent of the other partners, carries on any business of the same nature as and competing with that of the firm he must account for and pay over to the firm all profits made by him in that business.”

Many persons actually incur liabilities and run risks without the least knowledge that they are so doing.

If a loan were made to a person under agreement whereby the lender would receive a certain amount of interest, and such agreement were not otherwise open to objection, the lender would not be liable to the creditors, but if the agreement stipulated that the loan should be repayable out of the assets of the business or employed in the business, or gave the lender any power or control over the management of the business, or otherwise savoured of partnership, then the lender might discover that he was held responsible by the creditors for a large liability; the agreement affording him no protection.

The stipulation in an agreement that the person shall not be considered as and is not a partner, would be of no use where the agreement is of the nature of a partnership.

From the preceding clauses it will clearly be seen that a partnership from whatever point considered is a most serious matter, and firms are always under unlimited liability. It is obvious, therefore, that partnerships should be so arranged that unlimited liability is avoided.

The liability of any person, or firm, can be easily and inexpensively limited by resorting to the Companies Acts, and converting the business into a private Company, whereby partners or individuals can, by registering under these Acts, conduct their business and make their arrangements in precisely the same manner as is done by ordinary partnerships. By these means a partner can obtain the manifest advantages of absolutely limiting his

liability, and of freeing all his private income from the risks of this business. Also a capitalist can secure himself against unlimited liability when making advances, for Companies do not come under the Partnership Acts.

The Partnership Act, 1890 (Section 1), interprets Partnerships as follows:—

1. “Partnership is the relation which subsists
“between persons carrying on a business in common
“with a view of profit.

2. “But the relation between members of any
“company or association which is (a) registered as a
“company under the Companies Acts, 1862, or any
“other Act of Parliament for the time being in force
“and relating to the registration of Joint Stock
“Companies is not a part-
“nership within the meaning of this Act.”

It will, therefore, be seen that the liabilities and responsibilities accruing from the Partnership Act, 1890, do not apply to those carrying on business under the Companies Act, *i.e.*, as a private or public company.

THE VALUE OF EXPERIENCE.

AS a great many people are, no doubt, undecided whether or not it is advisable to employ an agent in negotiating a partnership, a few remarks on the subject may be of value and interest.

Experience has proved, and still will prove, that an agent is indispensable to the successful negotiation of a partnership, but the greatest caution should be exercised in the selection of one. There are many who claim to be partnership agents or negotiators, but few have the necessary knowledge to bring matters of this kind to a successful issue.

The advantage of employing an agent may seem doubtful to the inexperienced, but the capitalist who is seeking to invest his money must of necessity have an experienced agent to steer him clear of many a pitfall, and to prevent useless expenditure of time and money. In a like manner it is as important that the *bona fide* business man requiring capital should confide in the agent concerning the achievements and prospects of his business.

An agent must have for his credentials trustworthiness and integrity. He must also be an astute man of varied business knowledge, an adroit interviewer, and must be able to discriminate between the dissembling "crank" and the man with a sound proposal.

He must be an accountant of thoroughly practical—not theoretical—knowledge, and be able to perceive the weak as well as the strong points. He must be cautious but broad in his ideas. To secure a large clientele and gain its confidence he must first be satisfied with the results of his investigations of proposals.

There are but few capable men in this particular field, and fewer still who have the opportunity of acquiring the requisite knowledge which constitutes the ideal agent's stock-in-trade.

HOW TO "FIND THE WAY THROUGH."

SUCCESS in life and success in business are not necessarily the same, though the former may include the latter; nor is it so easy to differentiate them as on the surface it would appear to be.

The theory laid down by many writers may be fairly reduced into short space; and thus condensed, it stands:—Success is due to industry, perseverance, knowledge of markets, good education, mastery of trade details, and giving the public good value for their money. Add these together, and you have success with a big "S."

Now, no one can fail to recognise the value of each of these qualities. They are indeed, most valuable tools; not, of course, all of equal value, but all useful. But that they spell "Success" is not to be believed—there are letters missing.

Let us divest our minds of prejudice, and consider the careers of the prominent men whose names are, or have been, in the mouth of the public as types either of phenomenal success or of gigantic failure. They have been shrewd men, energetic men, with much *vis viva*; they have sold to the public articles of commerce, good in quality, but not a bit better than some of their competitors. The secret of the successful ones does not lie in any of these qualities. It has sprung from this—that at a certain period of their career they saw, or thought they saw, the "point of least resistance" in the road to

fortune. They staked their fortunes on this line of attack, and, their judgment being correct, they found success and victory. It is a platitude to say, "There is a tide in the affairs of men, which, taken at the flood, leads on to fortune"; but, like many obvious truths, it is so obvious that many of us fail to notice it. Not industry, not education, not good value for money will issue in great success. You must seek the "point of least resistance," you must recognise the flood tide of the unseen river, and launch boldly out to success or wreck. And why do our mentors neglect to notice those who have failed? The names of two or three men will spring to the lips of all of us—men whose failures brought hundreds down with them in their debacle. Why did they fail? Examine their methods. They were identical with those of many who have made gigantic commercial successes. Nay, more, in some instances those who took up and carried on the schemes which brought down the originators, have reaped golden harvests. The cases are notorious, and all over the country there are hundreds of smaller men whose careers, like those of these leviathans, have ended in disaster through some trifling cause. The flood failed under them, and was not strong enough to bear them to success. No one can fairly say why they should fail while others succeeded. The secret is "on the knees of the gods." The point is this, that given ability and intuition in the struggle for brilliant success, the result depends very largely upon what we call chance. If all goes well, a man is credited with more ability than he deserves. If he fails, he falls, "like Lucifer, never to hope again."

Apart from, or rather in addition to, the intuition for perceiving the line of least resistance on the way to fortune, surely far too little has been made of the "personal equation." How is it that some men, not necessarily possessed of special talents, can do practically what they like with other men? Sometimes they are men of genius, like Sheridan, of whom it is related that his very creditors dared hardly call on him for their accounts, lest they should be persuaded to lend him

more money. Such men there are. The inimitable Lamb recognised them, and speaks of them, in his essays on "Borrowers and Lenders," as our natural lords and masters. It is a quality that no education will give, and hardly even ignorance will hide. In these two qualities, united with fixity of purpose, we may see the keys of great success.

It will hardly be disputed that the qualities for *moderate* success are not only different in degree, but different in kind, from those associated with *great* achievements. Here are needed industry, perseverance, hope, and moderate education and ability. Languages are useful, no doubt, but we must not forget that it is the Briton's disinclination to learn the languages of the countries with which he trades, that has spread the English language over the whole commercial world—just as French established itself as the universal language of diplomacy.

Lastly, as I said in my first paragraph, success in life is not the same as, though it may include, commercial success. Look around you. Take down your atlases, open your histories. Who are the successful men? Is it Alderman Smith, who made a fortune in pickles, and died eighty years ago with a fortune of six millions? Or is it Philip Sydney, who, dying on the field of Zutphen, left us an immortal example of self-denial, refusing in his burning, dying thirst, the cup of water, and ordering it to be given to the poor wounded soldier, "whose need is greater than mine"? Is it Elizabeth, always distressed for money, yet welding her little England into a great country, or her great opponent, Philip of Spain, crushing the liberties and freedom and thought out of the peoples of Europe? Who painted patches of English red all over the world? The man who sat at home and made money, or the men who fought with enemies, of more relentless nature, in the wild and foreign countries, and died nameless deaths for king and country? Read the lines on the gravestone of Columbus: "To Castile and Aragon he gave another world"—and died in wretchedness and neglect. Simpson, who robbed the operating room of agony; Lister, who banished from it

the deadly microbe ; Coram, who made a home for children worse than orphaned ; Edward the Peacemaker, who saved England and Europe from a bloody and exterminating war. These, and such, are the successful men, not all rich, not all of even exceptional abilities, but who have all added something to the welfare of mankind.

THE CULPABLE INEFFICIENCY OF OUR CONSULAR SERVICE.

THE great inroad made by foreign competitors into what were once British markets, is in itself proof of the necessity for a Consular Service composed of very practical, shrewd, hard-headed men of business ability.

There are some Consular representatives who have this ability, but who are hampered in rendering their fellow-countrymen the service required by antiquated, unbusinesslike rules and restrictions.

America, perhaps the greatest of our foreign competitors, has long ago recognised the importance of adequate Consular representation, but withal she is still agitating for improvement. Particular attention has been paid by her, in this respect, to South Africa, where American exports to that country have increased in the last ten years from three million to over thirty-three million dollars. America has increased her total exports from 863,200,487 dollars in 1896 to 1,392,231,302 in 1903.

The need for Consular improvement has always been great, but it is greater to-day than ever. The changes in the currents of trade insure an increasing demand for better men in the service. The foreign competition in export trade grows fiercer. All the leading countries of the world are working for a larger share of the exports trade. This is a fact of which all are aware, yet there is no attempt made to initiate the necessary drastic alteration in

our Consular Service. Is it that we feel paralysed at the truly marvellous energy shown in recent years by competitors, or is it that the era of British enterprise is gone, and an epoch of inertia taken its place? Will the generations in time to come have for history the Rise and Fall of the British Empire? The answer depends on the attitude and determination of every individual of the British nation. The answer depends on you, the reader, as a unit, a factor of the nation.

No one who reads the commercial reports, the official statements, and the popular literature of the business nations of the world, can fail to notice the increased competition in export trade. America, Germany, and even the smaller states, such as Holland, have improved their Consular Service, and pushed and increased their representatives largely. They have standardised their business interests, raised the efficiency of their manufacturing plants, multiplied their transportation facilities, and taken great strides in commercial progress.

In order to keep pace with modern commercial progress, in order to offset the aggressive action of foreign traders, whatever else may be done with this object, the British Government must raise its Consular Service to a higher standard of efficiency, a standard which may only be reached through recognition of merit, independent selection, open competitive examinations, and a removal of absurd restrictions. How many read the Consular Reports officially issued? Of what assistance and interest are those reports? They contain but a tittle of what they should.

Lengthy reports should be encouraged, and they should be given verbatim. The man should be given the opportunity of expressing in his own words the opinion he has formed on the spot. The process at present in vogue of extensive and oftentimes indiscriminate deleting should be banished, and epitomizing should not be encouraged. What right have a few officials to judge as to what information should be published and what suppressed? Does it not appear impertinent that a few officials should be allowed to decide as to what should be published of the reports of the representatives of the

nation. If those representatives are capable men their opinions should be freely expressed and published. If they are incapable of the trust imposed on them they should be replaced by others having the necessary capabilities.

The demand for reform is based on business needs. These needs are not of one class and are not limited to a few localities. They are imperative in every part of the globe.

The state of affairs that permits uninformed and untrained men to represent the business interests of this country in foreign lands, is absolutely artificial. In practical business life there is an ever-increasing demand for the highest business ability.

In the British Consular Service there are men who have had little or no business training. Some there are who have demonstrated their lack of business ability, and others who, for various reasons, are barely tolerable as Consular officers.

As the Consular Service is, or should be, the governmental guiding star of the commerce of this great Empire, it follows that only men familiar with commerce and who have the necessary business instinct, should be placed in Consular positions.

THE FUTURE COMMERCE OF BRITAIN.

HERETOFORE, Britain's existence had depended on her commercial superiority, that was the root of her success, but of recent years we fear this has been forgotten. Like, as often happens in the case of the son who inherits the wealth from his father's struggles, we have been content to live on the reputation made for us, and to make but poor use of the position attained by those who have gone before. Commerce is the concrete foundation of a civilised nation. Take commerce away, and where is she?

What does commerce mean? The late Sir Walter Besant, in his "Rise of the Empire," said he desired "to illustrate the civilising power of trade. This it is which opens up the world. Trade first induces men to break bread with each other rather than break each other's heads. Trade it is which widens boundaries, removes hedges, and fills up ditches; trade creates new wants and imparts new ideas; trade it is which makes it possible for men to understand that they have common wants and must act in common to satisfy those wants; trade creates and fosters the virtues of loyalty, brotherhood and discipline; trade it is which stimulates the study and the practice of the arts; trade is the founder and father of enterprise, invention, science, travel and exploration. It should be our deepest pride that our race is and has always been, among the great traders of the world. Phœnicians and Carthaginians, Venetians and Genoese, Dutch and English, have been the great

trading peoples, but the greatest of them all " have been the English.

But will the reputation of the present and future generations be a great one? We say " No," and a very decided no, unless Britain wakes up and throws off her mantle of apathy. Britain is getting out of the running. It is undeniable that a keen race is being run by civilised nations for commercial supremacy, and it is equally indisputable that Germany and America, at present, take the lead, and if we are asked which of those two will we back, we say the former, and our reasons are that, although both are, as nations, comparatively young, their methods are not the same. Germany grips tight, but she scientifically measures her ground, and she builds her roads of concrete and not of sand. She is slower, but surer. She plods, but like the spider in the legend of King Bruce, she succeeds.

We have placed America second, but there will be another shortly who will oust her, again because of method, and that other is Japan. Our readers may ask, " but where is Britain? " They may well ask, but before doing so, think and compare. Contrast your material, your increase in population, your workmen, your principals, and then compare their work, but in making this comparison, remember the German Empire is but thirty years old. She has attained her position by a system of broad and liberal education. Schools have been provided by the Government both for children and workmen, and those for the latter are so constituted as to advance industry, whether scientific or artistic. Besides the primary, technical and polytechnic schools, there are *fortbildungsschulen*, which are schools for the further education of the young artisans after they have passed the period of compulsory attendance at the primary schools; in these schools the future industrial career of each pupil is considered. The workmen labour considerably longer hours than they do here, and by reason of their minds being broadened by a liberal education, they are less likely to be gulled into an invidious position with their masters through the misrepresentations and highly coloured grievances of the professional delegates of trade

unions. Thrift is encouraged, and there are many industrial and provident banks for workmen, besides which there are laws which make insurance against accident and sickness compulsory.

There is also an Act for insuring against want and old age or chronic incapacity. When we make our comparison and consider all this, when we see how the country is regulated and how long she has been in existence, we may ask, as she has done all this in so many years, what will she do in another thirty years, or even ten years, and, what is more important to us, where will Britain be? Nowhere? Our trade is, in comparison with what we ought to be doing, bad.

Here, indeed, are opportunities opened for a "Minister of Commerce." *First*, let there be appointed the permanent board of experts, who are proposed to be associated with a Bureau, on the same basis as Governors of the Bank of England—the cream of the commercial world—only from all the commercial centres; *secondly*, create local boards, whose services would be purely honorary, in all manufacturing and agricultural districts, these local boards, acting purely as correspondents to the Bureau, should report the strength and weaknesses of the industries in their district, how they are affected by (a) home competition, (b) foreign competition, (c) facilities for technical instruction in these industries, and general conferences should be arranged from time to time; and *thirdly*, appoint agents, now known as consuls, in foreign countries and all British Colonies and Dependencies, who should be paid adequate salaries, and being well selected, will devote the whole of their time to acquiring information as to the requirements of the district and country where they reside, and act as instructors to the British exporter as to what, and in which form, his merchandise should be sent to the district reported upon.

Give every trader equal right to be heard by this committee, and in choosing the committee, let care be taken that there is a good assortment of both the old and the new method trader. The merchant who is well on in years can bring experience to bear, which necessarily refers to the past, but the future is what is to be chiefly

considered ; therefore, see that the younger elements are well represented so that we may combine the benefit of experience with the ideas of the man who has his life in front of him. Prudence and caution are good, but too much conservatism is bad, and having selected our committee, let that body select the " Minister of Commerce."

HOW TO PATENT AN INVENTION.

THERE are, perhaps, no more tricky regulations in existence in the United Kingdom—and in this case the “United Kingdom” includes the Isle of Man—than those which govern the issue and up-keep of Patents. The rules which apply to literary copyright are child’s play when compared with them. A man writes a book and publishes it. He notifies the Registrar, Stationers’ Hall, that he is the proprietor of the copyright of that book; sends the said Registrar four copies of the book for the public libraries at Oxford, Cambridge, Edinburgh, and Dublin, together with a fee of five shillings; supplies the British Museum with a copy—and the business is ended.

The protection of a patent necessitates a course of procedure which is anything but so simple as the protection of a copyright. So complicated, indeed, are the patent laws that the lay inventor who tries to patent his own invention will find himself confronted with difficulties which, in his scientific innocence, he had never anticipated, and which, if deprived of expert assistance, he will be a lucky man indeed to overcome. It has been said that a man who is his own lawyer has a fool for his client—but he is a Solomon in comparison with the man who, unaided, endeavours to patent his own invention.

It is only possible in an article such as this to outline a few of the regulations which govern the issue of “letters patent” but in attempting to give such an outline we should like it to be clearly understood that only

general points can be indicated, as a complete guide would not only involve the introduction of much technical matter to which the general reader would, very naturally, object, but would necessitate the filling of far more space in the present volume than can be devoted to the subject.

Patents are now issued by the Patent Office, 25, Southampton Buildings, Chancery Lane, London, W.C., and all letters with reference to the issue of any patent should be sent to "The Comptroller-General" at that address. When applying to that gentleman for a patent, the inventor must make a clear and succinct statement of the invention claimed, and it must be accompanied by a complete specification. On receipt of these the examiner makes an investigation for the purpose of finding out whether the invention claimed has been wholly or partly claimed by somebody else, and reports to the Comptroller accordingly. If it is found that such claim has already been made, the matter is referred back to the modern claimant who may, if he chooses, amend his specification, when the entire investigation begins anew. If the comptroller is then satisfied he will grant the application; if he refuses, the claimant has a right to appeal.

But just here a note of warning is necessary. The Patent Office takes no responsibility as to the "patentability" of any invention, and the inventor who imagines that the mere lodging of an application and the payment of fees shifts the responsibility (as to the novelty of the article for which a patent is desired) from him to the Patent Office, may, possibly, find himself in the wrong box altogether. The Patent Office takes no responsibility, and the inventor will be well advised if, in the first instance, he employs a patent expert to make the necessary search before he—the inventor—involves himself in any further expense. Not only should such an expert be able to tell the inventor whether he has been forestalled by anyone else, but he will be able to inform him as to fees, size of drawings, etc., etc., without which information the average inventor will find himself very much at sea.

There are some elementary points, however, in connection with patents with which, if the inventor has some acquaintance, may save him many a stumble. For a provisional protection, for example, two forms are necessary, one of them bearing a £1 stamp. One of these—the provisional specification—must fully describe the nature of the invention and must be accompanied by drawings, if these are necessary. The drawings must be on sheets of one of two sizes :—13 in. $\times$ 8 in. or 13 in. $\times$ 16 in., including a half-inch margin. They must be executed with absolutely black Indian ink, and each line must be firmly and evenly drawn, sharply defined, and of the same strength throughout. Section lines, etc., must be as few as possible and must not be closely drawn, and, in short, “drawings must be of such a character as to be suitable for reproduction on a reduced scale.” Reference letters and figures must be bold and distinct, and not less than an eighth of an inch in height. Neither the title of the invention nor any descriptive matter must appear on the drawings, and all drawings must be delivered at the Patent Office free from folds, breaks or creases. If a complete specification is not filed within six months (with extension fee, ten months) of the date of provisional application, it is assumed that the inventor does not intend to proceed further in the matter. We ought to add, perhaps, that the necessary forms for application, etc., are not obtainable from the Patent Office itself, but can be purchased at Room No. 6, Royal Courts of Justice, Strand, W.C.

One or two hints to inventors may not be out of place. They should remember that a scientific *principle*, for example, cannot form the subject of a patent unless that principle is applied to some practical and useful, or, possibly, ornamental article. Abstract ideas will not be considered by the Comptroller-General of the Patent Office; the ideas must be applied. But it does not follow that such ideas must be applied to, say, an *entire* machine. If an inventor can introduce an improvement upon an existing machine he is entitled to a patent for his improvement, but, whatever the nature of the invention, it must possess the characteristics of both novelty

and utility. Without these characteristics any patent is of little value, and although the "utility" elements of the invention need not be strikingly apparent its novelty must be beyond question. Even when the invention is a novel one, so far as the inventor is aware, it does not always follow that he can obtain a valid patent for it. Jones, a hermit in Essex, may have thought out a way of converting decayed tree-leaves into roll-top desks, but if Smith, in Liverpool, has been openly doing the same thing months or years before, unknown to Jones, the latter's claim to a patent is worth absolutely nothing.

And so one might consume pages in trying to define what is and what is not an original invention according to law. The main thing for the inventor to remember is that what may appear original to him may not be found so very original after the Patent Office Examiner has made his investigations. The only course for him to pursue, if he wishes to make money out of his invention—and save unnecessary expenditure in the event of some other inventor having been in the field before him—is to place the matter in the hands of a reliable expert and be guided by his advice. By doing so he will not only save money but in many cases avoid disappointment.

COMPULSORY PATENT LICENCES.

AS the public do not appear to be aware of the provisions of Sec. 3 of the Patent Act, 1902, the following information may be useful:—

Section 22 of the principal Act (relating to the grant of compulsory licences by the Board of Trade) is hereby repealed, and the following provisions shall be substituted therefor:

1. Any person interested may present a petition to the Board of Trade alleging that the reasonable requirements of the public with respect to a patented invention have not been satisfied, and praying for the grant of a compulsory licence, or, in the alternative, for the revocation of the patent.

2. The Board of Trade shall consider the petition, and if the parties do not come to an arrangement between themselves, the Board of Trade, if satisfied that a *prima facie* case has been made out, shall refer the petition to the Judicial Committee of the Privy Council, and, if the Board are not so satisfied, they may dismiss the petition.

3. Where any such petition is referred by the Board of Trade to the Judicial Committee, and it is proved to the satisfaction of the Judicial Committee that the requirements of the public with reference to the patented invention have not been satisfied, the patentee may be ordered by an Order in Council to grant licences on such terms as the said Committee may think just, or, if the Judicial Committee are of opinion that the reasonable requirements of the public will not be satisfied by the

grant of licences, the patent may be revoked by Order in Council.

Provided that no order of revocation shall be made before the expiration of three years from the date of the patent, or if the patentee gives satisfactory reasons for his default.

4. On the hearing of any petition under this section the patentee and any person claiming an interest in the patent as exclusive licensee or otherwise, shall be made parties to the proceeding, and the law officer or such other counsel as he may appoint shall be entitled to appear and be heard.

5. If it is proved to the satisfaction of the Judicial Committee that the patent is worked or that the patented article is manufactured exclusively or mainly outside the United Kingdom, then, unless the patentee can show that the reasonable requirements of the public have been satisfied, the petitioner shall be entitled either to an order for a compulsory licence, or subject to the above proviso, to an order for the revocation of the patent.

6. For the purposes of this section the reasonable requirements of the public shall not be deemed to have been satisfied, if by reason of the default of the patentee to work his patent or to manufacture the patented article in the United Kingdom to an adequate extent, or to grant licences on reasonable terms, (a) any existing industry or the establishment of any new industry is unfairly prejudiced, or (b) the demand for the patented article is not reasonably met.

7. An Order in Council directing the grant of any licence under this section shall, without prejudice to any other method of enforcement, operate as if it were embodied in a deed granting a licence and made between the parties to the proceeding.

8. His Majesty in Council may make rules of procedure and practice for regulating proceedings before the Judicial Committee under this section, and, subject thereto, such proceedings shall be regulated according to the existing procedure and practice in patent matters. Any Order in Council or any Order made by the Judicial Committee under this Act may be enforced by

the High Court as if it were an Order of the High Court.

9. The costs of and incidental to all proceedings under this section shall be in the discretion of the Judicial Committee, but in awarding costs on any application for the grant of a licence, the Judicial Committee may have regard to any previous request for, or offer of, a licence made either before or after the application to the Committee.

10. For the purposes of this section three members of the Judicial Committee shall constitute a quorum.

11. This section shall apply to patents granted before as well as after the commencement of this Act.

HOW TO SELL AN INVENTION.

FROM time immemorial the inventor has been regarded as a kind of "*Hostis humani generis*"—an enemy of the human race; whereas a little consideration only is necessary to show us how deep is the debt humanity owes to him.

But, unfortunately, an inventor is by his very nature generally an unbusinesslike man, and is consequently somewhat difficult to deal with, while, for his own part, he is apt to complain, sometimes with too much justice, that he is unfairly dealt with by the financial class whom he invites to exploit his inventions.

How is it that out of so many thousands of inventions which have been patented, so very small a proportion ever come into practical use? There are several reasons to account for this. Absence of direct utility is undoubtedly the first. Other inventions, again, which if they could be successfully worked might be of the greatest use, are so elaborate and expensive as to render them commercially impossible.

It is not to be denied, however, on the other hand, that there have been many ingenious inventions which have not come into use, owing to the inventor not succeeding in placing them on the market. There is always a great difficulty in getting inventions financed, and there is no form of speculation, except perhaps, gold mining, in which so much money has been lost as that of inventions. Nevertheless, enormous fortunes have been made out of them, and common sense makes it apparent that there

are, and always must be, further opportunities. There are men who produce inventions by the score, and many of these, though good in idea, fail to produce satisfactory results because the inventor, through lack of patience, of knowledge, or of money to carry on experiments, fails to complete them.

There are others who have made discoveries or improvements by accident.

Generally speaking, however, a great invention is the result of patient industry and tireless experiment along a road that has been trodden by many ingenious predecessors, and is being simultaneously travelled on by other rival inventors. In this way was the locomotive steam engine "invented." Who shall say to whom is due the honour of the invention? To Stephenson—to Hero of Alexandria—to some ingenious Chinese a thousand years before even Hero? So also the electric telegraph, the marvels of chemical research, and probably every mechanical application of importance that to-day forms so powerful a factor in modern civilisation.

In order to succeed, the inventor must first lay in a store of information on the practical side of his invention. He must assume nothing, but steadily persevere in gaining all the knowledge he can on the subject. The best plan is to gather all the points he can *against* his invention. This is tedious work, and takes much time, but in the end it will probably save him much money and disappointment. Having satisfied himself that he has made an invention which is of utility, the next step is to produce a workable model, or substantial sample.

If it be the model, it must be made of the size in which it is intended to finally produce it. Many an invention, which, when seen in small model, has seemed capable of doing all that is claimed for it, has proved quite impracticable when reproduced in larger size.

There are several ways in which to sell an invention, and perhaps the best is to have a careful descriptive circular prepared, briefly describing its main merits, and distribute this among those engaged in the particular trade to which it belongs, or whom it is likely to concern. But in the drawing of this circular remember you are the

inventor, and the recipient of your circular cannot see with your eyes. Never send out long closely written letters. Business men have not time to read them. Unfortunately, most inventors are not men of much commercial experience, and for that reason we recommend them to seek assistance in the drawing of the circulars, and in the choice of those whom they should approach. Lastly, it is useful to consult those who undertake this class of business, and to file with them all particulars and supply them with a model.

A firm with a good connection is always having people calling at their offices, and many an invention has been placed and sold by being brought to the notice of a caller who has been attracted by its usefulness.

HOW TO REGISTER A TRADE MARK.

THE new "Act to consolidate and amend the Law relating Trade Marks" came into force on the first day of April, 1906, and those who desire to take advantage of its opportunities will do well to study its provisions carefully, and do better still if they consult someone who has made the registration of trade marks a speciality and who, to use a colloquial term, "knows the ropes."

In olden days the tradesman's shop was not identified by a mere street number ; it bore a sign. By and by the sign was reproduced on the goods sold by the trader and trade marks came into existence. They appear to have been used in the days of Queen Elizabeth, but the earliest recorded case of a disputed right to a certain trade mark only dates back to 1783. The Merchandise Marks Act of 1862 put an end to a good deal of the fraudulent using of trade marks, and the Trade Mark's Registration Act of 1875, by establishing a registry, not only facilitated identification but provided a more exact definition of the term than any which had hitherto been in general use.

For a "mark" may be such a lot of things. It may be a "device, brand, heading, label, ticket, name, signature, word, letter, numeral, or any combination thereof," while a trade mark must be "a mark used or proposed to be used upon or in connexion with goods for the purpose of indicating that they are the goods of the proprietor of such trade mark by virtue of manufacture, selection, dealing with, or offering for sale." Furthermore, a trade

mark to be of any service to the proprietor must be registered, and, to be registered, must be registrable.

At the Patent Office there is kept a book called the "Register of Trade Marks." It is open to the inspection of the public, and certified copies of entries can be obtained upon payment of a small fee. Before any trade mark can be registered, however, the person desiring to effect such registration must make certain that his proposed trade mark contains or consists of at least one of the following essential particulars:—(1) the name of a company, individual, or firm represented in a special or particular manner; (2) the signature of the applicant for registration or some predecessor in his business; (3) an invented word or words; (4) a word or words having no direct reference to the character or quality of the goods, and not being according to its ordinary signification a geographical name or a surname; (5) any other distinctive mark, but a name, signature, or word or words, other than such as fall within the descriptions in the above paragraphs (1), (2), (3), and (4), shall not, except by order of the Board of Trade or the Court, be deemed a distinctive mark.

The keynote to the five paragraphs we have quoted is the word "distinctive," and the person who desires to register a trade mark must first satisfy himself as to its distinctive character. Even colours are taken into consideration when registration is applied for, and anything of the nature of imitation is pretty certain to be rejected.

When registration of a trade mark is applied for, the full particulars must be submitted to the Registrar. The latter may refuse the application, may accept it absolutely, or may only accept it subject to certain conditions or amendments. If he refuses it, or only accepts it conditionally, he is compelled, if required, to give his reasons, and the applicant can, if he so choose, appeal to the Board of Trade or to the Court.

In the event of acceptance, whether absolute or conditional, such acceptance is advertised, thus giving an opportunity to anyone who so desires to oppose the registration, but if no opposition is offered within the

time prescribed then the registration is duly effected, and a certificate of same given to the applicant.

The question of identical, or nearly identical trade-marks is a difficult one for "in case of honest concurrent user or of other special circumstances which, in the opinion of the Court, make it proper to do so, the Court may permit the registration of the same trade mark, or of nearly identical trade marks, for the same goods or description of goods by more than one proprietor subject to such conditions and limitations, if any, as to the mode or place of user or otherwise, as it may think it right to impose." * Here, again, the importance of a "distinctive" mark asserts itself. If the trade mark is absolutely original in character and design—or as original as anything can be in a contrivance which has been more or less in evidence since the days of Elizabeth—there is not much difficulty to be feared, so far as registration is concerned; but if, on the other hand, imitation—even unconscious imitation—can be proved, we doubt whether a valid registration is possible. Different judges may hold different opinions of the meaning of the term "honest concurrent user," and whichever side won both would suffer—the loser, naturally, to a greater extent than the winner. Hence the need for "distinctive."

Once a trade mark is registered it must be used, and unless the person owning it has a *bonâ fide* intention to use it he may save himself the trouble of registration. The law will not sanction—and very properly will not sanction—the continuance of the registration of a trade mark in the case of a person who merely registers such trade mark in order to prevent some rival using it. If registered it must be put to a *bonâ fide* use, and if the rival finds that the person to whom the certificate has been given has obtained the certificate for what, to use a Parliamentary term, might be called "blocking" purposes, he (the rival) will not have much difficulty in causing the trade mark to be removed from the register.

Once registration is effected, provided it be legally effected—and that is just where the specialist's assistance becomes indispensable—a trade mark becomes the actual property of the proprietor, and, in many cases, a very

valuable property. All equities in respect to it may be enforced as in respect of any other personal property, and, viewed in this light, its prospective owner ought to be as careful over its registration as he would over his claim—if he had one—to the ownership of a street of houses or a Derby winner.

HOW TO INVEST SPARE CAPITAL.

IT has been said that more money is lost every year by unsound investments, than is made by sound business, and there is probably much truth in the remark.

Nor is the reason far to seek. To make money in business is one thing ; to invest it safely when made is another. The faculties employed in the former differ largely from those employed in the latter. The experience gained in the former is comparatively seldom helpful in the latter. Moreover, it often occurs that persons find themselves with money to invest, who have never previously been in that position. Thus it happens that investors are more or less dependent upon expert knowledge and find themselves compelled to seek guidance. Nor is it to be wondered at, that in the choice and method of investments, the investor should find himself bewildered.

To find out how safely to invest money, perhaps the wisest plan is in the first place, to learn to discriminate between speculation and investment.

Many who lose money attribute their losses to bad investments, whereas they are really due to bad speculation ; and when entering upon speculation they have not properly understood and appreciated the risks run.

To invest with safety is not an easy matter ; how much more difficult then is it to speculate—not merely safely but even judiciously. The man who will indicate to his

fellow men how to speculate safely needs the mantle of a prophet; the man who pretends to possess this mantle is one who has a keen appreciation of the oft-quoted saying of Carlyle that there are millions of people in Great Britain—mostly fools.

It is, indeed, curious that such superabundance of folly shows little sign of diminishing, as is evidenced by the fact that whole columns of our daily newspapers, London and Provincial, are filled with advertisements of quack medicines, and that huge fortunes continue to be made by the sale of perfectly useless rubbish, while the "bucket shops" or outside brokers, and gambling on the Stock Exchange, continue to absorb annually millions of money, which might otherwise have been safely invested in some home industries, by which the nation at large would have benefited.

It surely requires but a moment's consideration to perceive the wisdom underlying Carlyle's aphorism, and accept the fact that few of us have the wits to speculate, and that such wits as we do possess had better be devoted to the consideration of how we may, with some degree of safety, invest any moneys we are fortunate enough to possess, rather than how we may hope to double our possessions by speculation.

Nor is the problem of safe investment one which is likely to become more easy of solution in the future than it has been in the past. In fact, it is one that is certain to become more difficult. At the present moment, and for the last year or two, there has been comparatively little difficulty in securing safe investments producing from 4 per cent. to 5 per cent. This has been due to the fact that money has been dear, and that a high Bank rate has prevailed for a period of unprecedented length, a state of things due, however, to abnormal circumstances such as are most unlikely to occur again during the next decade at any rate. Such circumstances were, first of all the sudden cessation of the output of gold from the Transvaal, secondly the wars in South Africa and the East, and thirdly the lack of inclination to invest during uncertain times. It is important to note these circumstances, because they enable us to grasp the fact that the

present period of an easy time for investors is rapidly passing away, and to appreciate the fact that a more difficult time is approaching.

The out-put of gold from South Africa has eclipsed all previous records. The yield from the other fields, also, is rapidly increasing, and the annual aggregate out-put is unprecedented in the history of the world. The ultimate effect of this will be a fall in the value of money, and a rise in all gilt edge and investment securities, and probably the normal rate of interest will settle down to $2\frac{1}{2}$ per cent., a rate which, however suitable to the millionaire, is not one that is likely to prove attractive to the great mass of investors.

The difficulty of the investor is to get reliable advice from those competent to advise. Unfortunately many stock-brokers cannot be looked upon as reliable advisers, and their remarks are often influenced by parties interested in the particular stocks recommended. The first point which an investor must study is to discriminate between investment and speculation, the second to buy and pay for his investments on their intrinsic value, and, thirdly, assuming investment is desired, not much heed should be paid to the possibilities of a rise or fall of market values. One of course prefers to see an investment rising in price, but more money has been lost by capitalists seeking to gain by buying for a rise—which is simply speculating—than in any other manner.

It is a very good rule to spread your money over as many investments as possible. There is always a difficulty in deciding when to make a purchase of a particular stock, and there are many influences and considerations to be thought of, but the position of the security itself being satisfactory, and *not* otherwise open to objection, the time to buy is when a stock is falling or has fallen.

The question always bristles with difficulties, because, as a rule, an investor is unable to analyse the position or prospective position. At the present moment were I offered an investment in an American industrial concern, even though the investment at the time might be of the intrinsic value, compared with the price at which it was

offered, I should not be inclined to take it. The assets might represent 25s. for every £1. Still, I would not take it, because it is very probable a cycle of depression will shortly take the place of the piping times recently witnessed in that country ; another consideration is the unstable financial methods generally practised which may soon result in catastrophes, the effect of which it is not possible to estimate. Germany and Japan are preferably to be recommended, but at the moment, and for some time to come, the investor cannot do better than confine himself to this country, as, undoubtedly, we are on the eve of a commercial revival, and there will be much money wanted and made.

The best course for those with spare capital, is to consult those who have the ability to give, as well as the resources of obtaining practical information. Those who have the requisite knowledge and experience to bring to bear upon facts, results and reasonings in their simple component parts and who are able to present them to their clients for consideration. A combined knowledge of inside methods of finance, of markets, of commerce, of accounts, of investments, of the economical position of a country, should comprise the stock-in-trade of the practical adviser. An investor cannot do better, if he wishes to do well, than ask himself if his adviser has the qualifications. It is not, as a rule, difficult for the thoughtful man to discern whether another has the knowledge or not.

Many profess to advise by pamphlet, circular, or letter, but this is not practicable, inasmuch as the adviser, to do his best for his client, must be in a position to know his requirements and resources.

There are agents who will be happy to render assistance to any investor in the selection of his investments, whether they be purchased through the medium of the Stock Exchange or privately, and for this they make no charge to the capitalist, except in special circumstances, in which case a proper understanding will be come to at the outset,

POINTS INVESTORS ARE UNABLE TO GRASP.

FOR at least a decade the leading characteristic of the British investor has been a ravenous desire for quick—and, too often, impossible—profits, and the British investor is landing himself in a speculative marsh from which, unless he resurrects some of the common sense of his forefathers, he will never escape.

There is a class of speculator that buys stocks and shares, not because of their intrinsic value, if they possess any, or with a desire for dividend returns by and by, but solely in the hope of “getting out,” on someone else’s back, on a manipulated rise. Many have been induced to gamble in this manner, and, in many cases, with disastrous results to themselves. With such a class there can be but little sympathy. They buy what they do not want, and sell what they have not got. Sooner or later a day of reckoning comes, and the last state of the speculator is infinitely worse than the first.

Capital cannot, and never will be, increased permanently by those who persist in endeavouring to obtain the desired end by these methods. There is no quick and easy way to fortune—there never was and never can be—and the only way to increase one’s capital is by making a careful selection of investments in concerns, the value of whose assets is indisputable, by making a diligent enquiry into the repute of those in whose hands the control is retained, and by taking a personal interest in such investment.

If investors would only use a little common sense they could do more to protect their own interests than all the laws in Christendom. If a man is “resolved to live a fool the rest of his dull life”—to quote Beaumont’s letter

to Ben Jonson—legal protection is of little use, if, indeed, it is not, more or less, supererogatory.

One important fact, that does not seem to have yet been realised by the average investor, is that the majority of large companies are floated only when they have reached their zenith. When a man attains the uppermost rung there will be no end of people ready and willing to share his perch, and to endeavour to participate in his success. As a rule they are too late.

How many people, we wonder, would have entrusted their money to Sir Thomas Lipton when he opened his first little shop in Glasgow? Had they had—given the opportunity—the courage and foresight to back such a man they would have had a chance of benefiting to-day. They waited until he had made a success, however, and when he offered them a share, at a price, in his already built up business they rushed madly in to secure an interest. They acted when too late, alas, though some of them just now, we imagine, are almost inclined to think they were too previous.

The welfare of the country generally, and of the investor and small trader in particular, would be greatly assisted if the capitalist were to seek a suitable opening for the investment of his money, in a business of modest dimensions, conducted by an intelligent, thrifty and active man, who had an eye to the future, and where he, the capitalist, would have an opportunity of knowing, from time to time, whether his interests were being well served or neglected.

Napoleon sneered at us as a "nation of shopkeepers." He paid for his sneer, of course, though at the time it was uttered, the sneer was perfectly applicable. The pity of it is that it is not quite so applicable in A.D. 1906.

More "John Bulls" and fewer "Herrs" in the London Directory, would give that interesting publication a more readable appearance, and although the old days of the London trader and his good and bad apprentices are gone, never to return, we see no reason why a twentieth century trading community should not take the place of the gambling crowd.

HOW TO READ A PROSPECTUS.

ELSEWHERE we have dealt with the Prospectus from the Promoter's point of view, but the remarks already made should be of equal interest to the investor. The reading of a prospectus is a subject so wide as to make it difficult to deal with in the few lines at our disposal, more so because, as we have already remarked, the majority of investors apparently are unable to discriminate between "Speculation" and "Investment." It is true that the British Public are far more educated in the matter of Company finance than they were. Mr. Hooley and others have forced home lessons more or less severe, but we reiterate, many who lose money attribute their losses to bad investments, whereas they are really due to bad speculation, and when entering upon speculation they have not properly understood and appreciated the risks run.

Assuming that the objects of the Company are of a nature that the reader would entertain, the first consideration obviously are the terms, *i.e.*, whether the investment offered carries right to participate in the profits consistent with the risk run. Assuming that this point is satisfactory the next should be the Board, their constitution and fitness for the trust. The constitution of the Board should be carefully examined. If it is an industrial concern see that there are names of men who are experienced in the particular class of business and take the precaution of stepping into your nearest reference library and looking up the names of the Directors in the

“Directory of Directors” and if you find them therein make a note of the Companies they are Directors of. Next refer to a “Stock Exchange Year Book,” or other similar book of reference, and turn up the various Companies with which they are connected. If, as it is in some cases, the Board is constituted of professional Directors who are also on a number of Companies which are non-paying concerns, then it is wise to assume that possibly the same fate may be in store for the new venture. Says “Halliburton” in the “Clockmaker,” “A good daughter is plaguey apt to be a good wife,” and, similarly, the Director of one successful Company is plaguey apt to make a success of a fresh Company that he may join.

Do not be attracted by titles, as a rule the owners are most incompetent at business. If it happens to be a man of business who has earned his title, through his services as a business man, it is of course another matter, and one ought to be able to place considerable reliance on him. Having satisfied yourself as to the Directors, and the respectability of the Brokers, Accountants, and other names appearing on the front page, the next point should be the scheme of capitalization and the body of the prospectus. Assuming it to be an established industrial concern, see that the net profits are disclosed year by year, and if possible ascertain the turnover and whether the expenses increase in greater proportion than the turnover. The reader must proceed to grasp the facts, results, and reasonings separately, in their component parts; he will then arrive at the truth. It must be a careful analysis of all that is put before him, and by this method of procedure alone, the investor will place himself in a position to judge of the merits and prospects of the investments. Note what the Directors are investing and the remuneration they are to get. It cannot be expected that Directors will undertake the responsibility and give their time for nothing, but see if their remuneration is such as will lead you to think they intend to work for it. Observe if the minimum subscription is arranged so that there will be ample for working capital. Carefully examine the contracts enumerated and see exactly what price is being paid for the business and what profits the promoters of

the concern are making out of it, and whether any of their profits are prospective in that they take deferred shares.

Carefully study all reports of experts and engineers enclosed for your edification. Remember that the report of even the most honest of experts is unconsciously biased in favour of the side that employs him. Explicit statements of fact by responsible engineers, happily, can generally be depended upon, but give full value to anything in the nature of a qualification of such statements.

Remember that as Dean Swift could write a convincing and delightful essay on a "broomstick," so a professional writer of prospectuses can draw up a plausible prospectus upon the most trashy scheme that ever wheedled the money out of the pocket of a credulous public. It is his business, and a well paid one too, requiring special qualifications. Ignore, therefore, for the time, all his anticipations, and turn to the paragraphs in which he gives figures of business actually done by this—if an already established concern—or by kindred undertakings.

Don't go with the crowd after theatrical issues of the kind that fill the head lines and placards of the evening papers with startling announcements "Subscribed five times over," "Crowds waiting at the Bank doors," etc., etc., in big letters. That's the sort of thing that has ruined many an originally sound concern, that might, with a quarter of its present capital, have paid a good dividend.

Bear in mind always that investment is one of the most difficult businesses in the world, and while the rewards of judicious and intelligent investment are great, the consequences of uninformed speculation are certain loss.

In the capitalization of an industrial concern, the safest course is to form it on a 10 per cent. basis, a course which is safe and reasonable. By a 10 per cent. basis we mean that the present profits of the concern, without calculating additional profit which may arise from increased capital, are sufficient to pay 10 per cent. on the proposed entire issued capital. This figure will allow of a reasonable dividend, besides providing an amount for the creation of a reserve fund, and the state of the business and assets taken over by the

Company, being equal to that held by the Vendor, it should from the outset be considered as a fair proposition. The increased profit from the employment of additional capital should always be treated as problematical and not as actual. Of course there are many other matters which all require equal consideration, such as the price and value to be set on a Goodwill, but to our mind Goodwills are of doubtful value, and that being so we think the rule should be that any purchase price paid for Goodwill should be satisfied only by shares carrying deferred rights. So far as actual marketable assets are concerned, as apart from Goodwill, they should at all times be entitled to rank equally with the capital of the investor. Then there is the question of promoters' profit, if there be a promoter. This also should be settled by deferred shares, unless his contract for the acquisition of the business is so favourable as to allow him to make his profit, and still base the concern on the lines indicated. The question of dealing with that necessary evil—preliminary expenses—is always a problem, but if they be not too extravagant, it is reasonable for the Company to reimburse these in cash, treating them as a capital expenditure and writing them off over a term of years.

THE COVER SYSTEM EXPOSED.

THERE are many ways of losing money besides backing horses or frequenting the tables of Monte Carlo. Neither Epsom nor the Riviera needs to be resorted to so long as Throgmorton Street remains where it is, for, in the latter locality, money can be lost (by the speculator) quite as easily as at the roulette table or in the half-guinea ring.

The old-time bargain system, formerly associated with the Stock Exchange, is not quite so popular to-day. Under the old system a man bought say £10,000 of stocks, to be paid for at a certain date, for, let us suppose, £9,900. If at the end of the period determined upon, the stocks were only worth £9,800 the buyer lost £100. On the other hand, if he sold stock at £9,900 to be delivered at a certain date, and its value at that date was £10,000 he would be in a similar predicament—he would lose £100.

In the illustration we have given we have not, of course, included the costs of brokerage and commission. These, to a man to whom a gain or a loss of £100 did not matter are of trifling importance, but to the "punter," who expects to win a fortune on a ten-pound stake, they are, or ought to be, a serious consideration, as we shall presently show.

Under the old system the transaction was, of course, a gamble—as most Stock Exchange transactions are. The man who bought the stock didn't want it; the man who sold it hadn't got it to sell. If either, however,

"came a cropper" he was, as a rule, able to pay for his gamble to the extent of the difference between the buying and selling, or selling and buying, prices.

Nowadays, however, the average man does not risk "hundreds"—"tens" are more in his line. The six-penny or shilling ring is more to his fancy than their higher-priced brethren. He wants to put down a little money at long odds and the cover system meets his requirements—on paper.

Let us try and explain what this cover system means. Under the old system a bargain was closed at the end of a certain period, and losses or gains settled; under the cover system the transaction is closed when the price of the stock or shares reaches a certain limit. If the speculator is a "bull"—a buyer—he waits impatiently for the stock to rise; if he is a "bear"—a seller—he is equally anxious for it to fall. But, in either case, when a certain limit has been reached, he—if he has failed to utilise his opportunity in time—loses his "deposit" in the event of the market moving contrary to his wishes.

Take a typical case. A man goes to a certain species of outside broker and buys, say, £1,000 worth of a certain stock whose present price is, we will imagine, £140. He deposits £10 12s. 6d. (£10 deposit and 1-16 per cent. commission on £1,000) with his so-called broker. If the stock rises to £141 the speculator gains £10. If it goes to £142 he gains £20, and so on. If it falls—aye, there's the rub!—to £139 his cover is run off and the £10 12s. 6d. is gone for ever, unless, of course, he decides to keep the account open, for which accommodation he has to pay—and pay handsomely.

The first thing that strikes one when reviewing a transaction of this kind is, that if the advice given by many of these so-called brokers—and advice is about the only thing they *do* give for nothing—is genuine; if, in fact, they have absolute confidence in a particular stock rising or falling as the case may be, why do they allow their clients to share the certain (?) profits while they themselves act the fairy godmother for a paltry 1-16 per cent.? Why not "bull" or "bear" on their own account and

pocket all the plunder? A mere 1-16 per cent. seems such a trifling charge to make for the management of a transaction that may bring the "investor" a fortune that one wonders how the "broker" exists on such a wage. When one comes to investigate, however, the 1-16 per cent. is not so trifling as it seems, for it must be remembered that it is 1-16 per cent on £1,000 and *not* 1-16 per cent. on the £10 "invested." In other words the speculator pays his "broker" $1-16 \times 100$, *i.e.*, $6\frac{1}{4}$ per cent. in order that the said broker may handle his £10 note!

Let us follow the speculator through a month's transactions and take the exceedingly optimistic view that he won't lose—*i.e.*, that his losses and gains will balance at the end of the month, and that he will have his £10 note back again. In the first week he "invests" £10 and wins £20. "Talk about coining money," says the speculator to himself, "coining isn't in it—but I must be careful, so next week I'll only stake my winnings and stick to my original £10." During the second week he "invests" his £20 winnings—and the cover runs off!

"Hard lines," says the speculator, "but I have still my £10 so I'll risk it on another stock next week." He does so and wins £10. "Not so good as the first £20," says the deluded gamester, "but I'll still be careful and only invest my winnings next week." He invests his £10 winnings—and the cover runs off!

"Well, after all," reflects our speculator, "I've still got my £10 and have had my 'flutter' for nothing." Has he, though? For his first "investment" he pays the wily "broker" 12s. 6d., for the second £1 5s., for the third 12s. 6d., and for the fourth 12s. 9d., in all £3 2s. 6d. upon £10 for a month, or, in other words, 375 per cent. per annum.

If, as we have supposed, our speculator is a "bull" there must necessarily be a "bear" at the other end. He, too, will have a "broker," and as his gains and losses are exactly equal to those of our friend the "bull," he will also come out £3 2s. 6d. to the bad, the brokers being the only persons who have profited.

It may be suggested that in thus putting the case we are taking a pessimistic view of the results which follow a "flutter" on the cover system. We can assure our readers that we are doing nothing of the kind. In real business life it will be found that our illustration is, if anything, too favourable to the "investor," for what actually takes place is, that stocks that are likely to go up are seldom recommended to the "bull" and stocks that are likely to fall are kept out of the way of the "bear." For a time, perhaps, the client may be allowed to win, but loss in the long run is a practical certainty. You may "break the bank" at Monte Carlo to-day, but to-morrow, if you are silly enough to continue, the croupiers will meet you smilingly—and turn the tables in more senses than one.

In ninety-nine cases out of a hundred the speculator on the cover system knows nothing whatever of the stocks he "bulls" or "bears." He has, in fact, less knowledge—if knowledge it can be called—of the probable result of his investment than has the backer of a horse at Epsom, Newmarket, or Aintree. The latter speculator has, or imagines he has, some sort of "form" to go on; the cover system speculator trusts to pure blind luck, and pays, as a rule, for his confiding innocence. What would he say, we wonder, were he taken through the Strand (London), Church Street (Liverpool), Royal Avenue (Belfast), Boar Lane (Leeds), Corporation Street (Birmingham), Sackville Street (Dublin), Princes Street (Edinburgh), or Market Street (Manchester), and asked which shop he would "back" as a paying concern? In any of these localities he would, at least, have some data upon which to form an opinion—the position of the shop or warehouse; the local reputation of the proprietor; the class of goods on sale; the number of customers attracted by an effective display, and so on. In his cover system speculation he is practically at the mercy of his "broker," and the latter would be more or less an angel if he did not butter his own bread first.

In this article we have barely touched the outer fringe of a subject, the effective consideration of which would fill many pages. We have not, for example,

referred to the difficulty of finding—without resort to microscopical assistance—an outside broker who would be satisfied with his mere commission ; who would never advise his clients to buy for a rise stock which he knew perfectly well would fall ; who would not in fact, “make a book” against the “investor.” These are little matters of detail—though the speculator will find that they are very real “little” matters when he comes to examine his debit and credit account.

In the meantime sufficient has been said to warn the intending investor against plausible speculation of the baser sort. There are industries by the dozen in these islands of ours that are, at the present day, prostrated through lack of capital, and it will be to the interest of the general investor to note the fact.

To dabble in the cover system is a surer means of losing money than backing a horse at Newmarket, patronising *les petits chevaux* at Monte Carlo, or endeavouring to share the fabulous fortune of the Spanish prisoner.

DEBENTURES AS AN INVESTMENT.

WE advocate the securing of investments yielding a rate of interest from 4 per cent. to 6 per cent., while for those who may be prepared to run some additional risk, coupled with the possibilities of embarking in prosperous industrial undertakings, we think an even higher rate may be secured.

There is no investment, however, absolutely devoid of risk, but we contend that by close and careful observation and experience, it is possible to invest safely, on the lines we shall proceed to indicate, at a higher rate of interest than can be obtained by the average investor acting on his own initiative or haphazard judgment.

Before endeavouring to explain the particular class of investment which we desire our readers to consider, we may point out that there are, at least, three forms of investment which may be regarded with favour as possessing great possibilities. These are:—

- (a). Freehold ground rents.
- (b). House property.
- (c). Mortgages.

Owing to the temporary drop in Consols and such like securities, the present value of ground rents is comparatively low, and they can be purchased more cheaply than they are likely to become for many years hence.

We only advise the purchase of house property where real bargains are to be obtained. Experience has taught us that, to the diligent seeker, bargains in house property are always on the *tapis* and are every now and again to be picked up. But the would-be investor must always be prepared to act promptly and secure the bargain.

Good Mortgage securities are more often available

than is generally supposed, and for this reason:—Those who make advances on Mortgage securities are generally Trustees, and Trustees are tied down to certain rules of valuation from which others are exempt. The question for an investor to consider is whether, if the borrower fail in repayment of principal and interest, he, the investor, will gain by foreclosure, and the ultimate acquisition of the property, whereas the Trustee asks himself if he is absolutely certain that he is lending a half or, at most, two-thirds of the value, with the knowledge that if he exceeds this limit he is personally liable.

The form of investment, however, which we especially desire our clients to consider is that of First Mortgage Debentures. Guarantee Societies are generally in a position to offer some first-class guaranteed debentures yielding $4\frac{1}{2}$ per cent. per annum.

In addition to this, we can suggest other First Mortgage Debentures carrying a higher rate of interest, the creation of which, and the security of which, we will now endeavour to explain in detail.

In the general course of business, we have had, and are frequently having, numerous applications from clients requiring additional working capital for short or long periods. On investigation of such businesses, we frequently find that additional working capital is legitimately required for the purpose of increasing trade, saving discounts, entering into a profitable contract, or extending credits, etc.

There is no better method of explanation than that of illustration, and for this purpose we append the following:—

We will assume that a manufacturer, merchant, or business firm purchases goods to the value of £12,000 a year, or £1,000 a month. As a rule the terms of purchase will be 5 per cent. discount or net at three months, that is to say—if cash be paid, a reduction of 5 per cent. is given, whereas if three months' credit is taken, the full amount has to be paid.

5 per cent. on £1,000, or one month's purchases, amounts to £50. So that 12 months' discounts on 12 months' purchases amount to £600, which is a net loss owing to lack of sufficient capital.

Or to give another illustration. We find perhaps two partners, who have devoted themselves energetically to their business for some years. They are honest, industrious and hard working. An examination of their books and business shows that they have clear assets of the value of £2,000, but that they could very advantageously employ a further cash capital of say £500, for the loan of which they could afford to pay 6 per cent. or in some cases even up to 10 per cent.

Now, as there is no institution for providing capital in such cases, the only means of raising money is by a Bill of Sale, or by resorting to a money-lender. No trader in such a case either could, or would, be so foolish as to borrow money at the exorbitant rates charged by money-lenders, nor would he give a Bill of Sale.

What, then, can he do? We think that, with care, he should be able to borrow, and on really good security.

The trader, merchant or manufacturer enquires for capital, and, on careful examination, we find him to be honest, sound and industrious, and for the purpose of illustration we will assume his financial position to be as follows :—

	ASSETS.				£
Book Debts (good)	...	...	...	...	1,500
Stock in Hand	...	...	...	...	2,500
Freehold or Leasehold Premises...			...	...	2,000
Plant or Machinery	...	...	...	...	650
Cash in Hand	...	...	...	...	250
					£6,900
	LIABILITIES.				
Creditors (goods bought)...	...	...	...	...	2,500
Rent	...	...	...	...	150
Contingent Liabilities	...	...	...	...	1,350
					£4,000
showing a credit balance in his favour of				...	2,900

It is at once obvious that the firm, although in a good position as regards surplus assets over liabilities, requires ready money and is in need of further capital, and can afford to pay a good rate of interest on such capital.

We find that the business is a steady one, and that the assets are the average standing assets.

Under such circumstances it should be possible to find the required amount by turning the business into a Private Limited Company.

The conversion of the firm into a Private Limited Company is simple, and its advantages are numerous. When it is effected the firm is in a position to afford good security, as the Companies Acts empower a Company registered under them to give security, which is impossible to a firm not registered under the Acts.

The amount asked for is, we will say, £2,000. What is the form of security, and what is the security? The form of security is Mortgage Debentures. The security in this case would be a fixed charge on certain assets and a floating charge over book debts, stock and cash.

The difference between a fixed or specific charge and a floating charge is as follows :—

Included in the assets is a sum of £2,000, being the value of lease, fixtures and fittings. We should recommend that these last named assets should be specifically charged by the Debentures, that is to say, that, as long as the Debentures are in existence, or unpaid, the firm cannot sell or otherwise dispose of that portion of the assets.

The remaining assets mentioned consist of machinery, plant, book debts, stock in trade and cash. It is obvious that if the firm were to give a specific charge on these items, it would be debarred from dealing with them, thus preventing a continuance of its business. A floating charge is therefore taken on all assets both present and future. Thus, although the investor is protected by a provision in the Mortgage Debenture preventing the Company assigning its book debts, or disposing of its stock *en bloc*, the Company is not precluded from selling its stock in the ordinary course of business, or collecting its book debts, and, as a trader generally buys as much as he sells, the stock and book debts do not materially alter, and if the assets are the average book debts, stock in trade, etc., the Debenture Holders have as security for the £2,000 over £6,000 worth of assets, and, although

the assets charged in the floating security may fluctuate slightly in value, the margin between the security and the sum secured is so large as to make such fluctuation of little or no importance.

By way of additional security this floating charge may contain a covenant on the part of the borrower that the machinery, plant, and stock in trade, shall not fall below a stated minimum value, thus obliging him, under penalty, always to maintain sufficient value to cover the amount owing on Debentures.

Now it often happens that an advance of this kind proves of enormous advantage to the trader, and it is only fair that those who have advanced the money should have the chance of sharing in this benefit.

This can be provided for by stipulating that the holder, for the time being, of the Debenture, shall for a specified time, say, two or three years, have the option to exchange his Debentures for Shares, so that if at the end of a year he should find the business in which he holds Debentures flourishing, and earning large dividends, he can exchange his Debentures for Shares, and receive the full dividends on such shares.

What is gained? The trader gets his additional capital, at a rate of interest he is well able to pay, inasmuch as by the acquisition of this capital he saves and gains considerably more than the interest he has to pay, or he is able to increase his profit by coping with additional business, extending credit, etc.

The Debenture Holder obtains a first charge on the whole of the assets, and in the event of the trader's business increasing in prosperity, and benefiting very largely by the additional capital, the Debenture Holder is able to share in such prosperity to the extent of the money advanced by converting his Debentures into Shares. And, lastly, it should be borne in mind that Debenture Holders, being secured creditors, take priority over unsecured and simple contract creditors, and that in the event of failure, the amount of the Debentures, together with all interest thereon, would have to be paid first in full, the surplus assets only going to ordinary creditors.

SOMETHING ABOUT "A1 AT LLOYDS."

A glance at these pages will cost but a few minutes of your time, but may save you considerable pecuniary loss and worry in the future.

MOST of us at some time or other have used the expression "A1," but it is remarkable that comparatively few members of the public know the real origin of the term.

This phrase, now so common, and universally used to convey the meaning that the object to which it is applied is of the highest possible quality, had its original birth-place in a humble coffee-house kept by one Edward Lloyd.

History tells us that in the middle ages the risks of shipping were guaranteed against by the Hanseatics and the Lombards, who were termed underwriters. The well known City Street (Lombard Street) was named after the latter, but it was in the reign of Charles II. that this enterprising Welshman, Edward Lloyd, was the means of founding the great Institution bearing his name.

At this time Edward Lloyd noted the loss of time which arose to those engaged in mercantile pursuits through underwriters being dispersed in different parts of the City, and he conceived the idea of facilitating their business, with advantage to himself. Accordingly, by various means, he succeeded in making his coffee-house their meeting place. His premises were in Tower Lane in close proximity to such well known places as the Custom House, Navy Office, Trinity House, and Thames Street

"below bridge," a neighbourhood much frequented by the descendants of those who first practised the business of guaranteeing shipping risks.

Lloyd later removed to near the Exchange, and his coffee-house speedily came to be recognised as The Market for securing against risk, those interested in marine commerce. Here seafaring men, merchants, and brokers, would meet and conduct business.

The Sons of Neptune in those days were not the refined and educated men of the nineteenth century, and it would be interesting to find a parallel to that old coffee-shop with its interesting frequenters transacting their business in the thick fog of the newly taxed Rayleigh "fragrant weed," perfumed with hot rum and chewed twist.

In the year 1692 a paper, entitled *Lloyds News*, was started, and was the only paper in existence at that time save the *London Gazette*, but it was suppressed by the Government in 1696 on the ground that the liberty of printing did not extend to gazettes, and this suppression lasted for 20 years,

Edward Lloyd, in due course, went the way of all mortals, and passed over to the majority, but the old coffee house still bore his name, until it became a notorious house for speculators, when some of the older and more staid frequenters objected to such transactions and moved to Pope's Head Alley.

In the meantime, under the influence of a Mr. John Julius Augerstein, the underwriters gradually leagued together in a bond of membership, and thus commenced the greatest commercial institution the world has ever known.

In 1774 they moved to the Royal Exchange. Meanwhile, however, the transactions at Lloyds had grown to such magnitude, and so many fortunes had been made by its members, that other people began to set their thinking caps and a desire arose in them to secure some of this profit; consequently petitions were presented to Parliament, with the result that it was decided that there should be allowed two other institutions besides Lloyds, viz. : The Royal Exchange Assurance and the London

Assurance, and although at the time it was thought that this would be a great misfortune, it proved a blessing, as it saved the original institution from further competition for many years.

In 1871 Lloyds was Incorporated by Act of Parliament, and now there is scarcely a point of any importance on the seaboard of the world where a Lloyds' Agent cannot be found.

WHO ARE LLOYDS?

Lloyds is merely the name of a truly wonderful corporation, Incorporated by Act of Parliament, which is one of, if not the most, powerful and most respected of institutions throughout the world.

Wherever you are on the globe, Lloyds is recognised as the great medium of Insurance, yet the general public know comparatively little or nothing of it, its constitution, and business.

The Insurance business transacted at Lloyds amounts to over two hundred millions annually.

THE CONSTITUTION.

The offices of this gigantic institution are situated over the Royal Exchange, and are of a magnificent character, but it differs from other institutions through which a similar class of business is transacted, inasmuch as Lloyds, as a Corporation, do not insure, they merely constitute themselves protectors of the public, by restricting their members to those of good character and financial stability.

Every underwriter at Lloyds' before he can become a member, has to deposit with the Corporation a sum of at least £5,000 in cash, as a guarantee for the payment of his liabilities.

The operators at Lloyds are of two classes, the member and the subscriber, the former being the underwriter, or person who actually undertakes assurance, and the latter the broker, who is the medium between the underwriter and the assured. The underwriter charges a premium out of which the broker takes a commission, and no insurance contract can be entered into with a *Lloyds underwriter* except through the medium of a *Lloyds broker*, both of whom must be duly authorised.

Thus the institution is conducted in some respects similarly to the Stock Exchange with its Jobbers and Brokers.

Insurance at Lloyds is effected in a different manner from that of the ordinary Insurance Company. The method is far more satisfactory if not safer, while cheaper rates can be mostly obtained for the following reasons :—

- (1) Lloyds is an Institution.
- (2) Its underwriters have not to maintain separate palatial buildings and do not spend enormous sums on advertising and agency commissions.
- (3) They are not burdened with the enormous amount which is paid by the Insurance Companies to Directors, Managers, Superintendents and other highly-paid servants, which must in the aggregate represent an immense sum.
- (4) Business has not to be obtained by expensive advertisements in the press, or on railway hoardings, etc. The members of Lloyds are prohibited from advertising.

Just think, reader, what a colossal amount must be spent yearly in printing alone by the various Insurance Companies, combined, and also bear in mind that you, the insurer, have to pay for this enormous cost caused by competition for business and the necessity always to be increasing business to cover the ever increasing expenditure.

" A1."

The common expression " A1," synonymous with " perfect," " excellent," passes current in conversation among the whole of the English speaking races, and has its source in Lloyds. In this Institution it is used to denote that a ship registered in this class, is first class and her anchors, cables, etc., are in an efficient state.

All ships are registered at Lloyds according to class, the highest being " A1 " and each ship bears in addition a number thus 100 A1, or 90 A (2nd class) denoting her quality as recognised at Lloyds. Thus and thus only originated the term A1.

WHY THE PUBLIC KNOW SO LITTLE OF LLOYDS.

It is a curious fact that outside shipping circles only a comparatively small number of our teeming millions know

of the existence of Lloyds, one of Britain's greatest Institutions, and a far smaller number know anything of the nature of its business: even the average city man has only a hazy idea that "it has something to do with shipping." This is true, but it is not only the insurance of a cargo or a vessel with which the members deal.

With a very few exceptions insurance of every kind can be effected at Lloyds, and as a matter of fact, insurance against almost any contingency can be effected here. Insurance against most peculiar contingencies have been repeatedly effected at premiums consistent with the risk. During a recent Small Pox scare quite a large business was done against infection at $2/6$ per £100.

But the chief reason that the advantages of this institution are so little known is the fact that *every member is prohibited* by his conditions of membership or subscribership *from advertising*, or in any way publicly canvassing for business, a rule which also applies to the Stock Exchange.

Every member of the public who does business with a broker is supposed to be properly introduced, and the broker is expected to assist in protecting himself and other members by seeing that he transacts business only with desirable people.

LLOYDS' PROMPT AND LIBERAL SETTLEMENTS.

Obviously the conditions of membership being such, it follows that the underwriters at Lloyds are men of irreproachable character—gentlemen—and as a consequence they desire to do Insurance business only with respectable persons, and it also follows that, as a rule, in event of claims arising, they only require reasonable evidence of loss immediately to fulfil their obligations and reimburse the insurer liberally and fairly.

It is not their desire or custom to seek opportunity to cavil and to use every subterfuge to lessen or avoid liability.

The policy issued by Lloyds is remarkably short, straightforward, and free from the numerous conditions and vague legal phraseology of the policies of some of the Insurance Companies.

But although the underwriters of Lloyds are of this high character, and do business on a basis which is particularly straightforward, it must not be forgotten that they are men of the greatest experience, the finest and surest of experts, with unbounded resources for information and detail, and woe betide the trickster who attempts to practice with its members.

HOW TO INSURE AT LLOYDS.

The first step towards insuring your risks at Lloyds is to submit your proposals to a broker, who will in turn approach various underwriters, and the last named will each state what amount of the risk he will take, and in cases where no current rate is existing, the rate of premium to be charged. This risk is in almost every case divided among a number of underwriters. Thus the individual risk might be £50 or £100 or £500, the latter as a rule being the limit. In case of an Insurance against fire for say £400, this would in all probability be split up among six or more underwriters.

As soon as the broker has succeeded in getting the amount of the insurance underwritten, he sends the person insured a "covering note." He next fills up a policy form, and the names of the underwriters are affixed thereto, stating the amount each is responsible for. This policy is handed to the insured by the broker, to whom he pays the premium, who in turn settles with each of the underwriters who have "taken a line."

LLOYDS' POLICIES.

The form of policy was settled by a general meeting at Lloyds in 1779, and with a few alterations this policy remains at the present day.

Almost any and every risk can be insured against at Lloyds.

The form of Insurance which the general Public are mostly interested in is, Damage by Fire, Burglary, House-breaking, Theft, Robbery, and Thefts by Servants, and, therefore, we will proceed to first give some information on this subject.

ADVANTAGES OF INSURING THROUGH LLOYDS.

The first item which we are all as a rule concerned is a question of rates, and at the time of writing the rates at Lloyds are as follows :—

RATES AT LLOYDS.

Contents—Loss and damage by fire in ordinary household,
1/9 per £100 per annum.

Private Buildings, 1/3 per £100 p.a.

Loss by theft, robbery with or without violence or burglary, 2/6 per £100 p.a.

And damage done (housebreaking), and theft by servants combined, 3/4 per £100 per p.a.

All above, including fire combined, 4/6 per £100 per p.a.

Specially selected articles, such as jewellery, plate, pictures, etc., 3/4.

Specially selected articles if kept in a safe when not in use, 2/6

Contents—Stock in safes, from 5/-.

„ Not in safes, but where special precaution is taken to protect property, 7/6.

Jewellery and valuables in hands of travellers, 20/-; in United Kingdom (or 25 per cent. returning 9/- per cent. if no claim).

„ Travelling in London only, 15/-.

Goods with firms on approval, 5/-.

Jewellery and valuables in hands of messenger, 10/-.

Jewellery by post or other conveyances in United Kingdom, 9d. per cent. per journey

Jewellery, ditto, if registered, 6d. per cent. per journey.

IMPORTANT.

The above rates are given as a general guide. Those desiring to insure should get a quotation as in some cases they may be lower or higher, but as a rule the *most favourable terms* are to be obtained at *Lloyds*.

In all cases a charge of 4d. is made for the policy and duty.

Lloyds were the first to grant Burglary Policies in this country.

In judging of the greatest value given for money the first thing is of course the premium. Here it will be noted that the rates at Lloyds are lower than is the general rule elsewhere ; the second part, and an important one, is the form of policy and its terms and conditions.

WHAT is the use of an Insurance Policy which does not give you proper protection? The reader should carefully read and digest the meaning, and the probable legal constructions of the meaning, of the Conditions of his Insurance Policies, and in analysing these meanings he should always bear in mind that they are framed for the benefit of the Company, not the insured. The Policies issued by Lloyds are not hemmed in with a number of carefully thought out clauses, couched in legal phraseology, which, in event of a claim being made, may be used as loopholes for the Company to escape liability.

Lloyds Policies do not carefully enumerate and specially exclude a very large number of articles and things commonly included in every ordinary household, nor do they exclude loss and damage incurred by fire through a stroke of lightning.

Lloyds Policies do not make arbitration and all legal and other expenses in case of dispute a condition of Insurance. An Agreement is manifestly unfair where there is a condition that in case of dispute you must agree to arbitrate, find, and to pay all your own costs and expenses, although the award may be in your favour.

It is not to be believed that there is one ordinary householder in a thousand who is familiar with and appreciates the construction of the meaning of the whole of the Conditions of his Insurance Policy.

It is probable that many readers will recognise the importance of the above remarks. They will have heard of, if they have not fortunately personally experienced, the treatment meted out by some Insurance Companies to the policy holder who made a claim upon them. The attitude adopted by a Company in one particular case, familiar to the writer, was most unpleasant. In this case,

a fire had occurred whilst the insured was away holiday making, the Company were advised, and after assessors and other representatives had inspected the scene of the fire, and after they had made enquiries of the neighbours as to the character of the insured, they invited him to send in his claim. Next they asked for vouchers as to the value of the articles for which claim was made, although most of these articles although spoilt were in such a condition as to enable anyone to arrive at their approximate value. Finally, after long delay, and many interviews, other representatives of the Company appeared and endeavoured to beat the claim down by every conceivable argument, until the insured was so sick of the bother that he agreed to take a reduced sum in settlement. The whole original claim was but a small one, in connection with one room of ordinary household furniture.

The following are the only reservations in Lloyds Policies :—

1. There shall be no claim unless the loss amount to £1 in case of private insurers, or £5 in that of Business Premises.
2. There shall be no claim for loss by riot, sack or pilage, by insurgent or military or usurped power.

Unless a valued specification is given, the Policy is "Subject to Average," which means that if the Assured pay premium on the full value of the articles insured, he will recover any claim in full. If, however, he pays premium on one half the value of such articles, he will only recover one half of the value of the articles claimed for, and so on in proportion.

IT SHOULD BE SPECIALLY NOTED THAT

1. Lloyds Policies contain no restrictions other than the above.
2. Policies containing the average clause are more advantageous than those without, both of the latter are based on a statement of full value of stock as any mistake in such statements where the average clause is left out, might invalidate the claim altogether.

3. Lloyds Policies *place the Onus of Proof on the Underwriters and not on the Assured.*
4. Lloyds Policies do not contain the objectionable arbitration clause.

We give hereunder a copy of the policies insured through Lloyds. (The words in italics are assumed and of course vary according to the description of the property concerned). *The reader should note the simplicity of the contract and compare with any policy he may have.*

LLOYDS FIRE POLICY.

For signatures by Underwriting
Members of Lloyds only.

BE IT KNOWN THAT

paid

Premium or consideration to Us, who have hereunto subscribed our names to Insure from Loss or Damage by Fire.

FIRE POLICY.

£

From the

day of

To the

day of

NOW KNOW ye, that We, the Insurers, do hereby bind ourselves each for his own part, and not One for Another, our Heirs, Executors, Administrators and Assigns, to pay and make good to the said Assured, his or her Heirs, Executors, Administrators, and Assigns, all such Damage and Loss by Fire, within seven days after such Loss is proved; and that in proportion to the several sums by each of us subscribed against our respective names, not exceeding the respective sums aforesaid; as may happen to the subject matter of this Insurance, or any part thereof, during the continuance of this Policy.

No claim to attach to this Policy for Insurrection, Riots, Civil Commotion, or Military or Usurped Power.

If the Assured shall make any claim knowing the same to be false and fraudulent as regards amount or otherwise, this Policy shall become void, and all claim thereunder shall be forfeited.

IN WITNESS whereof we have subscribed our Names, and sums of money by us insured.

Dated in London, the

day of

One thousand nine hundred and

LLOYDS COMBINATION POLICY.

IN THE NAME OF GOD. AMEN. Whereas

John Bull

has paid $\frac{4}{6}$ per cent. Premium of consideration to Us, who have hereunto subscribed our Names, to insure him from Loss by *Theft or Robbery, with or without violence or Burglary and damage done and theft by servants* of the property herein specified, or any part thereof, from the premises herein mentioned, during the period from the first day of January, 1906, to the 31st day of December, 1906, both inclusive.

PROPERTY INSURED.

Furniture, Plate, Jewellery.

In Trafalgar Square, London.

NOW KNOW ye, that We, the Insurers, do hereby bind ourselves, each for his own part, and not one for another, our Heirs, Executors, and Administrators, to make good to the said John Bull

his Executors, Administrators, and Assigns, all such losses, not exceeding the sum of two hundred and fifty pounds in all as he or they may from time to time sustain by any such fire, theft, robbery, or damage done and theft by servants as aforesaid during the said period, within Thirty days after such Loss is proved, and that in proportion to the several sums by each of Us subscribed against our respective Names.

Provided always that there shall be no claim on this Policy when the whole loss by theft or robbery on any one occasion does not amount to £1, or for loss by loot, sack, or pillage by insurgents or Military or Usurped Powers.

Subject to the conditions of average (See paragraph No. 1).

This Insurance is subject to the conditions indorsed hereon.

IN WITNESS whereof we have subscribed our Names and Sums of Money by us insured.

Dated in London, the first day of January, One thousand nine hundred and six.

X.X.X.	} Each a sixth part. Two hundred and fifty pounds.
A.B.C.	
F.E.D.	
G.G.H.	
L.K.J.	
O.N.M.	

CONDITIONS.

1. If the Insurance is declared in the Policy to be subject to average, then the Assured shall be entitled to recover in respect to any loss only such proportion of the sum Insured as the value of the property lost bears to the total value of the property covered by the Insurance.
2. The Assured in case of loss shall, as a condition precedent to his right to be indemnified in respect thereof, give to the underwriters such information as evidence as to the property lost, the

circumstances of the loss, and the person if any suspected of the theft or robbery, as the underwriters may reasonably require, and as may be in the Assured's power. If the Assured shall make any claim knowing the same to be false or fraudulent as regards amount or otherwise, this Policy shall become void, and all claim hereunder shall be forfeited.

3. A statutory declaration by the Assured with regard to any loss that he believes it to have been caused by theft or robbery within the meaning of this Insurance, and further that he has no reason to suspect or believe that such loss has been caused by any excepted risk, or is in any respect a loss from which the underwriters are by the Policy declared free of claim, shall be sufficient *prima facie* evidence that the loss is not of a character excluded by the terms of the Policy.

Lloyds Underwriters, in case of loss, interpret their liability fairly and liberally, and in every case want to do what is fair and equitable, and settle promptly without undue delay, or unnecessary quibbles.

HOW TO INSURE.

SPECIALLY CONTRIBUTED BY J. CARLISLE McCLEERY.

THERE are not far short of 250 insurance offices, of one sort or another, doing business in the United Kingdom, and the number of agents employed by them would provide tenants for all the houses in a fair-sized town. It is, nevertheless, a fact that, in very many cases, when a man wishes to insure his life, his shop, his house, his factory, his ship, or his motor car, he knows not where to turn in order to obtain the best value for his money. And let me say "right here"—to use an Americanism—that it is utterly impossible, in such an article as this, to tell any single individual how he, as an individual, should proceed to effect any particular insurance he may desire. Individual requirements are many, and no one office can be expected to supply them all. My only possible course, therefore, is to outline, generally, a somewhat complicated subject ; to give such advice as will benefit the great body of possible insurers ; but, at the same time, to urge upon the individual the necessity of obtaining expert assistance before definitely deciding upon a contract which may, or may not, be to his advantage.

To begin with life insurance. One of the first conundrums which suggest themselves to a man in this connection is : "For how much shall I insure"? The question is an easy one to ask, but is by no means so easy to answer. Take, for example, the case of a man of 40, earning, let me suppose, £500 a year. He has a wife and family. His income ceases with his death—but his wife and family may outlive the cessation of the

income. He wishes them to live in the same state of comfort to which they were accustomed when he—the head of the house—was alive, and earning £500 a year.

For how much should he insure? The average man would probably reply that if he were insured for £1,000 he would have done his duty. But he would *not*—as a very simple calculation will show.

The man who is earning £500 a year, spends, say, £200 a year on himself—an expenditure which will terminate when he ceases to be. In other words he is worth £300 a year to his family, and if he means them to have the benefit of the same income after his death as that which they enjoyed while he was alive, he must not be insured for merely £1,000 but for $£300 \times 17.176$, which is, as near as possible, £5,153.

That mysterious “17.176” may probably need some explanation. What it really represents is the value at age 40 of an annuity of £1, and assuming that a man's income is an annuity—which it really is if he goes on earning it—and that that income, so far as his family are concerned, is £500—£200=£300, then it follows that his “present worth” to that family is, as I have stated, $£300 \times 17.176$, and that, therefore, the face value of his life policy should be, at least, £5,000.

Here is a little actuarial table from which, with very little trouble, anyone can calculate how much he is worth to his family, and therefore for how much he should be insured:—

AGE.	Value of £1 Annuity.	AGE.	Value of £1 Annuity.	AGE.	Value of £1 Annuity.
	£		£		£
31	19.623	41	16.876	51	13.545
32	19.373	42	16.566	52	13.188
33	19.117	43	16.248	53	12.826
34	18.855	44	15.924	54	12.462
35	18.587	45	15.594	55	12.094
36	18.314	46	15.260	56	11.724
37	18.037	47	14.923	57	11.353
38	17.756	48	14.585	58	10.981
39	17.469	49	14.242	59	10.608
40	17.176	50	13.896	60	10.236

All the intending insurer need do is to jot down on a piece of paper the amount of his income, deduct two-fifths of that income, representing the cost of his own maintenance, and multiply the remainder by the figures given opposite his present age. It is an interesting little calculation, and I venture to say that the majority of those who care to work it out will have a much better opinion of their money value than ever they had in their lives before.

Having decided upon the *amount* for which one ought to insure one's life a whole host of queries will suggest themselves. Should the insurance be for the whole term of life, the amount of the policy being payable at death only, the payment of premiums being continued until then, or should an endowment insurance policy be taken, the premiums ceasing at a certain age, and the claim be payable at that age or at death, if prior? Should a profit-bearing policy be decided upon, or would it be better if a plain straightforward contract were entered into between the proposer and the insurance office whereby the latter undertakes to pay a fixed sum at the death of the insured on condition that the premiums are regularly paid? Should the premiums be paid yearly, half-yearly, or quarterly? Can the insurance be effected without subjecting the proposer to the ordeal of a medical examination? These, and a dozen other queries—which I have not space to quote let alone to answer—are bound to face the “prospect” the moment he decides that he ought to insure his life.

As to whether a whole-life or endowment insurance policy should be chosen depends entirely on the financial position of the man himself. If he is well-to-do, and if his other investments are such that his death would not leave his family financially stranded, then by all means let him add an endowment insurance policy to his other investments; if he is only moderately circumstanced, and if his death would mean the practical stoppage of the portion of his income which his family now enjoys, then, by all means, let him leave endowment insurance severely alone and take out the largest possible whole-life policy which his means will permit him to do. Personally, I

consider that the run on endowment insurance during recent years is an entire mistake on the part of policy holders. To secure the largest insurance one can, at the outlay of the lowest possible premium, should be the main object of the man in moderate circumstances who desires to provide for his wife and family to the utmost extent of his means. He will probably be tickled by "investment" inducements but in the case of life insurance his wife and family should be the first consideration, and the best investment for *them* is a whole-life policy—and the largest he can afford, and the cheapest he can get, at that.

Since the introduction of the "minimum premium" system by several of the offices, the problem of the lowest possible price has been practically solved. Under this system the policy holder pays an extremely low premium so long as the bonus declared by the office in which he is insured remains at a certain figure. If it rises above that figure the policy holder gets the benefit of the rise; if it falls below it, his premium is increased, or, what comes to the same thing, the face value of his policy is decreased. Speaking generally, however, the insurance offices issuing this class of policy may be trusted to strain every nerve to keep their bonuses up to the mark, and under the discounted bonus system it is quite possible to obtain a life policy almost at cost price.

Whether premiums should be paid annually or otherwise constitutes another query, the answer to which must depend upon the resources of the insured's purse. To pay annually is undoubtedly the better plan, for with an insurance office 5s. per quarter is by no means equivalent to £1 per annum, and the shorter the periods of payment the greater the cost to the payer. At the same time it is only fair to state that, of late years, the success of more than one "monthly payment" system indicates the existence of a desire on the part of many premium payers to make their payments little and often, rather than seldom and oppressive. Many a man—many thousand men—who cannot save £24 a year out of their monthly salaries could, nevertheless, pay £2 per month if the payment was compulsory. Why should they not have the opportunity? The kitchen fire of the house-

wife who is compelled to buy her coal by the hundred-weight costs more, in the long run, than that of the more affluent dame who is able to buy hers by the ton, but, whatever the decimal difference, the presence of a fire is infinitely preferable to the ghastliness of an empty grate.

As to whether a man should endeavour to insure his life without undergoing the much over-rated "ordeal" of a medical examination depends altogether upon the man—and the doctor. There are some men—mildly neurotic, perhaps—who regard a stethoscope with much the same abhorrence as they do a gravedigger's spade. To such, an insurance policy, the issue of which is not dependent upon the result of a personal examination by a medical man, is a godsend. It is well, however, that they should clearly understand (1) that their insurance will cost them more, and (2) that the searching questions they will have to answer will impose upon them a somewhat formidable task in comparison with which a fifteen minutes' chat with a sociable doctor is mere child's play. Some doctors are perfect faddists on "heredity"; others think of nought but "environment." A medical man who is a specialist on heart disease is not likely to confuse organic trouble with the mere nervousness occasioned by the official surroundings of the examination. And so throughout the entire proceedings. "Who shall decide," asks Pope, "when doctors disagree?" and the reply, so far as life insurance is concerned, is the independent expert who knows his doctor and who knows his client as well. There are hundreds of men alive to-day who remain uninsured because they have been rejected by A, but who would have been cheerfully accepted by B or C; there are other hundreds who have been rejected by B and C who would have been received with open arms by A.

Nothing like the same complications have to be faced in the placing of a fire insurance policy, for in this department the tariff offices have definite fixed rates to which A, B, C, D, and several other alphabetically-lettered fire offices have given their sanction, and from which none of them can, by the terms of their agreement, depart. The difference between a tariff and a non-tariff

office is that the former has a fixed tariff for certain risks and that the latter decides upon the rate chargeable upon a particular risk according to the merits of that particular risk. In small insurances, such as that of dwelling-houses and their contents, the rates are the same, but in larger dealings it is advisable to have quotations from both sides.

Before the actual selection of a fire office is made it is well that the intending policyholder should acquaint himself with the reputation of that office. By "reputation" I do not altogether mean its position from a balance-sheet point of view. That the office should be solvent, and perfectly capable of paying all just claims, goes without saying. But, after all, a fire insurance contract is, in most cases, an annual one, and the question of solvency is by no means of the paramount importance which is the first essential in the case of an office issuing life policies, though it is one which should be considered none the less. In using the word "reputation" I refer rather to the character which the office bears for taking broad or narrow views of claims. An office whose dealings with clients are characterised by illiberality is an office to be looked upon as the Levite looked upon the man who went down from Jerusalem to Jericho and fell among thieves—only in this case it would be the thief, and not the victim, from whom the passer-by would stand aloof. It is not to be expected that the man who has paid his premium regularly for years to some one office and, when a fire occurs—if one ever should occur—has his claim shaved to vanishing point, will ever afterwards be an enthusiastic advocate of fire insurance. If, on the other hand, his claim has been met promptly and liberally he, himself, will probably develop into an active agent for the office which has carried out its contract in a broad-minded spirit.

But the policyholder must be prepared to carry out *his* part of the bargain as well. He will, indeed, be a very foolish proposer who deliberately tries to deceive the insuring office as to the nature of the risk submitted, and he will be a still more foolish policyholder who makes a fraudulent statement of claim. The man who succeeds

in deceiving the office is one who, in the long run, will find himself a marked man so far as fire insurance is concerned. Let a shady action be discovered by any one office, and every other office will know all about it in a very short time. It is probable, indeed, that even his first attempt would not be successful, for self-preservation is the first law of nature with fire offices as with all other concerns and individuals, and the position in which they stand to be shot at demands that they should—as the author of “Frenzied Finance” would say—keep their eyelids pinned back and their grey matter oscillating. Whether this physical peculiarity has anything to do with the attitude assumed by the offices—with the exception of the Alliance—towards foreign Jews I am not prepared to say, but it is, nevertheless, a fact that it is somewhat difficult to find a permanent home for proposals emanating from the Abrahams, Isaacses and Jacobses of the mercantile work-a-day world.

One further remark before I leave this particular branch of my subject. Fire offices do not exist in order to enable a policyholder to make a profit out of a fire. As an Irishman I may be pardoned if I suggest that did they exist for such a purpose they would not exist at all. Speaking generally, policyholders have not yet grasped the elementary fact underlying this playfully-put Hibernicism. A fire office, when considering a claim, does not value the items submitted to it on the basis of their original cost to the policyholder. A picture may have cost £200 twenty years ago but may now be worth in the market only half of that amount. Books vary; machinery depreciates; bricks crumble. The market value of the property destroyed is the only one which will be considered by the insuring office, and “prospects” who think otherwise had better by far try Monte Carlo, or some such locality, if they are in search of a gamble. The necessary accessories are not available in the United Kingdom—and the United Kingdom may congratulate itself upon their absence.

A good deal of what I have already written might be applied with equal force to the minor subjects of sickness, casualty and burglary insurance. In one and all of them

straightforward statements on the part of the insured, and liberality on the part of the insurer, are indispensable elements in the conduct of the business. The man who tries to get the better of an insurance office is not to be pitied if, when his claim is presented, he finds himself marooned. The office which hides itself behind the technical verbiage of its contracts need only blame itself if it is relegated to the cold-storage department. Finicking contracts are as dead to-day as "live" three-weeks'-old fish in Billingsgate. The sickness and accident policy which only covers accidents under certain conditions, and diseases of an infrequent type, might as well describe its own funeral in advance, as Moses did in the days of long ago. The people of the present generation require full protection and they seem to have made up their minds to get it. One by one the insurance offices are recognising the fact that what sufficed for the nineteenth century will not meet the requirements of the twentieth, and, one by one, they are doing their best to keep up with the procession.

The only real difficulty which confronts the intending insurer is the selection of the particular office which is most likely to meet his requirements. He has any number to select from, and if he blunders in his choice it is own fault, seeing that, humanly speaking, that choice is unlimited. There is no need for him to blunder. If he cannot absolutely trust his own judgment—and, in a question of insurance, he is foolish to rely entirely upon his own discrimination—his best plan is to seek the aid of some advisory firm upon whose discernment he can rely, of whose independence he is satisfied, and to whom he can state what he wants with the fullest confidence that those wants will be supplied.

DEALING IN LIFE POLICIES.

IF a man, through adverse circumstances, is compelled or, for other reasons, wishes to dispose of his life policy, he cannot be too careful how he goes about the business.

Generally speaking, I should advise a man to hold on to his policy at all hazards—even if it has been effected in an indifferent office. Before he finds out that the office in which he is insured is an indifferent one, he will probably have paid several years' premiums. Had he, before entering into the contract, consulted an independent adviser—someone (an expert, of course) who is not connected officially with any particular office—he would not be in an indifferent one, but, once in, unless he is certain he could do very much better elsewhere, it is a mistake to move.

There are occasions, however, when a man *must* sell. He wants the money, and his life policy may be the easiest available asset of which he can dispose.

In such a case his first idea is to take his policy to the office which issued it, and ask them to buy it. Therein he blunders. In this connection, however, it is but fair to state that the surrender values offered by Insurance Offices nowadays are much more liberal than they were a few years ago. The offices were anything but liberal—until they found they were being outbid by outside

buyers. But some of them are clannish even now. I believe I am stating a fact when I say that it is not unknown for several offices to arrange between themselves that they shall not buy each others' policies. Some of the managers of the offices in question are ardent Free Traders—in theory; when it comes to a question of being outbid for their own policies they are Protectionists to a man.

When a person wishes to dispose of his life policy, his first procedure should be to find out from the office in which he is insured the amount which the said office is prepared to give for its surrender. He should then ascertain the name and address of a respectable agent who transacts this class of business, and supply him with the following particulars :—

Name of Office ?

Date of Policy ?

Sum Assured ?

Amount of Bonus Added ?

Town in which Assured Resides ?

Office Surrender Value ?

When is next Premium due ? and Amount per Annum ?

Price asked for Policy ?

Is Age of Assured Admitted on Policy ?

Date of Birth ?

Is the Policy for Whole of Life ?

Male or Female Life ?

With these particulars before him, any agent who understands his business ought to have no difficulty in finding a purchaser who will, as a rule, be prepared to buy the policy for a larger sum than that which the Insurance Office will offer.

There are exceptions, of course. A man who wishes to sell his policy to advantage must not be much under fifty years of age, and the policy must have been in existence for some considerable time ; otherwise, it would not be worth while for the purchaser to trouble about it. In some cases, too, the surrender value may be so large that a purchaser may hesitate before endeavouring to outbid the office. But the opportunity is there, nevertheless, and it would be absurd on the seller's part to be

content with *one* offer, when, with very little trouble to himself, he can have competing buyers.

I have known cases before now where the Insurance Office has offered a certain sum as a surrender value, and the seller, preferring to take the risk of a public auction (with a reserve price fixed, of course), has obtained a much larger price from a bidder *who represented the very office which issued the policy!*

SURRENDER VALUES.

IT is well when taking a policy to examine first what provision the Company issuing it makes for its surrender or keeping it in force in case the policy-holder fails to do so. In fact, the loan value of a policy may prove of inestimable value to its holder in times of financial stress or crisis, and an insurer who selects a company granting only poor surrender values, or granting surrender values at the discretion of the directors, is depriving himself of one of the greatest benefits and of a thing of transcendent value, in comparison with many of the items that go to make up a policy of insurance.

Some idea of the difference of surrender values allowed can be got by comparing those below which are illustrations from some Companies' prospectuses and literature.

Age 30. Whole Life Policy for £1,000 with profits.

Surrender value at end of 5 years	...	...	...	...	£42 a.
					£30 b.
					£60 c.
					£48 d.
At end of 15 years	...	...	...	...	£120 a.
					£ 80 b.
					£110 c.
					£ 96 d.
At end of 15 years	...	...	...	...	£193 a.
					£120 b.
					£180 c.
					£144 d.
At end of 20 years	...	...	...	...	£276 a.
					£160 b.
					£240 c.
					£192 d.

Note a and b are surrender values not including surrender value of profits which is considerable. In c and d the surrender value is taken off the policy and the profits together assuming the profits on present basis. It will be seen that though a and b are nearly the worst in the first five years they are far away the best afterwards from the ten years onwards. The loan values are about 10 per cent. less than the surrender values in c and d and are the same as the surrender value in a, b, c.

AVERAGE LIVES.

The bearing of the segregation and the selection of under average lives on healthy lives is worth nothing. Where all insurances are issued in one class whether the lives are substandard or average, the mortality of the class must be raised and it is doubtful whether the additional premium charged for under-average lives does compensate for the heavier mortality and whether the extra profit from the loading if any is used to swell the dividends of the shareholders rather than the bonuses of policy holders. On the other hand, where impaired and under-average lives are placed in a class apart the standard class of lives benefits to a great extent through the mortality being only a favourable one and as a result the ultimate profits of the policy holders are greatly increased.

HOW TO ACT WHEN IN FINANCIAL DIFFICULTIES.

IN commerce as in other things it often happens that matters do not go as desired or anticipated, and misfortune overtakes the trader. It may be that it is entirely due to the trader's debtors failing to meet their obligations, or through various happenings. Unfortunately, many who find themselves in this position do one of two things, each equally fatal and a sure road to catastrophe, viz. :—they seek the assistance of the professional money-lender, or they continue to pay claims after legal proceedings have been taken against them—including the legal costs thereby incurred. Thus all their assets are frittered away and ultimately exhausted, as surely as by paying the money-lenders interest.

When the time comes that the trader cannot meet his liabilities he should act promptly, as ten to one delay will only make matters worse. He should examine his accounts and prepare an accurate statement of his liabilities and assets, making due deduction for depreciation. He should then call a meeting of his creditors and frankly explain the exact position to them. It sometimes happens that the assets far exceed the liabilities, and that it is only a question of time for their realisation. Or it may be that an extension of credit or a little assistance will save the business, and, if the case is a genuine one, it should not be difficult to convince the creditors of this. But it is necessary to warn the trader in this position against the wrecker-accountant whose main idea is plunder. There are many of these harpies, and their satellites are legion. Some of these men earn quite good incomes out of the misfortunes of others, and when a

trader in difficulties consults them. the point that receives their greatest consideration is how to handle the business so that they may get the biggest plunder out of it, instead of how best they can honestly advise their unfortunate client to get over his difficulties and resume trading, or to close down with the least loss to himself and his creditors. These wreckers promise all sorts of things not practicable of fulfilment, and the poor trader who is being dunned, worried, and often in ill health, is only too willing to grasp at any straw which may be held out to him, and the end is destruction.

It cannot be gainsaid that if an honest man can be retained who has a sufficient knowledge of accounts and business to prepare and lay before the creditors a satisfactory scheme, his assistance is very valuable, moreover in most things a capable and disinterested third party is able to act more freely and is likely to be more successful in delicate negotiations than the parties directly concerned.

If a trader is in the unfortunate position of not being able to meet his liabilities, and is being pressed, his only course is to have the pluck to "face the music" if there is any to be faced, but the idea is often worse than the actual circumstances, and a trader will, as a rule, be fairly and sympathetically treated by his creditors if he convinces them that he has acted honestly, and calls them together before his affairs are hopeless, in regard to his assets being sufficient to satisfy them in full or in greater part. Maybe they will readily come forward and assist him to continue by extending their credit, or in other ways assist him.

As everything depends on the manner in which the creditors are handled, the trader cannot well do without advice from someone. But it is far better for him to seek the aid of a good business man, preferably with a knowledge of accounts and matters in this connection, than fall into the hands of the doubtful accountants before mentioned, or those who earn their living out of the misfortunes of others. If a professional firm of accountants are to be employed, utilize the services of those having a sure and good reputation.

HOW TO COLLECT DOUBTFUL DEBTS.

IN most business houses this problem is difficult of solution. It is not possible to get what a man has not got, but there are many who habitually are bad payers—who never pay until compelled to do so. Then there are others who cannot, perhaps, pay themselves, but who, under pressure, will find the money from one source or another. But it cannot be denied, and experience proves it, that as a rule it costs more to collect doubtful debts than the amount ultimately obtained. Indeed, unless a firm are constantly having a number of such debts on their books, proceedings are seldom worth the trouble and expense.

The first action is to make proper application for the amount owing, the second to issue a summons and get judgment, the third to have the debtor under examination as to means, and the fourth a judgment summons. If the amount is sufficient, of course bankruptcy proceedings can be resorted to, if deemed expedient. This is the most unpleasant side of business, and it is to be recommended that unless the debts are sufficient in number to keep a clerk for the purpose of collecting them, they should be placed in the hands of a Collecting Agency remunerated by commission only.

BUSINESS EXPERTS.

THE Barrister and Solicitor are the recognised experts in law, and among other professional experts we have the Doctor of Music, the Surveyor, the Valuer, the Advertising Specialist, and so on.

It is strange, but true, nevertheless, that another expert—a man whose importance and value have long been recognised across the Atlantic—is comparatively unknown in this country. We mean the Business Expert.

With all our boasted commercial instinct it is passing strange that until recent years we had not succeeded in producing any recognisable class of business expert. It happens to be the custom here that if one is in business difficulties—not necessarily financial—or in need of advice, he should at once consult the lawyer, who, in many cases, may be quite unqualified to advise on the particular business matter in question. The lawyer is the right and proper person to consult in law, but there his province ends.

The Business Expert is a necessity, and his attainments must, as a matter of course, make him a specialist. He must be a man whose keen precision in solving apparently difficult business problems will make it clear to his client that the latter's capabilities have a more restricted limit than those of the former. There are, probably, many men who are qualified to fill such a position, but, naturally enough, they are profitably employing their knowledge in other directions, and they would

probably require greater inducements than those at present offered, to embrace a distinct profession, which, until the Britisher becomes more enlightened, would have an element of uncertainty about it. Yet the profession of a business expert opens unbounded opportunities, not only for earning the gratitude of clients, but for earning—which is quite as important, but which should not be a paramount consideration—a very good income as well, and it should be welcome knowledge that a firm embracing this business is now operating on a large scale. The business expert is well grounded in all branches of commerce, and his organisation must include a staff of carefully-selected men for every department. The principal conducting a business of this nature, must have made a careful study of businesses and business subjects in all their aspects. In many matters he must have gone thoroughly into the heart of things, and of others it is, of course, neither necessary nor possible for him to be possessed of more than general though useful knowledge. Such knowledge enables him to act with precision, and to choose competent men to work out in detail his various departments. He should also know the best specialists in every class of business, and the most suitable people to associate with the business of his client, consistently with the latter's purse. He will get the best he can for his client at the lowest rate, and endeavour to eliminate unnecessary or excessive expenditure.

A man who has been keenly observant, studious, who has made, as well as used, opportunities ; a man who is hard-headed, shrewd, ingenious, and practical can accomplish much, and acquire considerable judgment, which he can turn to account with benefit to his clients. Some men are born to be original, and have special aptitude for creating, and directing, and for carrying out of details. Unfortunately the average British business man is conservative and possessed of considerable *vis inertia*. He cannot realise that one man freed, from the thousand unconscious influences that surround himself, views his business from an unbiassed standpoint, and often sees points which might never occur to himself. So true it is

that the outsider sees most of the game. Some, again, have not sufficient ballast to digest, think, weigh, and properly consider suggestions or plans when prepared, if they involve a departure from the worn groove, although much thought may have been given to every detail. Such persons jump at adverse conclusions without having the capacity to discern and follow the line of thought of the adviser.

The business expert can be of great assistance to the man whose desire is to increase business with profitable result, in that he can originate ideas and plans, compile literature and bring together a mass of general information of a nature which will assist in establishing interesting, attractive, and fruitful "business-getting" tactics. Being a keen observer and a student of human nature, in preparing any plans he will pay due regard to the class to whom it is intended to appeal. That which will attract custom from the class who would be induced to buy a pound of tea because they obtain a gift therewith, would entirely fail and be offensive to another class. His experience, knowledge, and special aptitude will save many costly experiments. In new departures or arranging plans for the revival of a decreasing or stagnant business, he will endeavour to lay his plans so that they can be carried out with due regard to the capital at command. It is not to be expected that "business building" can be accomplished as rapidly with a small capital as it can with a large, but often, by careful and thoughtful planning, new departures can be made to capitalise themselves. The tactics adopted by a watch-maker, whose transactions are of a nature which lend themselves to a mail order system of business, will entirely fail if adopted by a manufacturer in tiles, whose desire is to create a demand among users of such goods; but the association of ideas—concrete knowledge—the sorting out and bringing together of particles from varied experiences, gained from all sorts and conditions of men and businesses, are the important items which go far to make success. The business expert's versatility is his stock-in-trade. His knowledge of finance, accounts, economics, systems, method, processes, quantities,

markets, source of supply, foreign movements, prices, setting, printing, artistic illustration, literature, advertising, and other matters too many to enumerate, should make him of inestimable value to the progressive business man, but his usefulness does not end here. Businesses, like human beings, have their sicknesses, sometimes obvious enough in origin, sometimes obscure. But in either case the disease must be cured or the business, like the human body, will die. These are the conditions under which the business expert—shall we say the business doctor—should be called in. Like the physician, he must be able, when called in to “diagnose” the disease from which the business is suffering, to prescribe the proper remedy, and lead it back to health and strength.

Be it remembered it is not necessary for the doctor to have suffered from a fever himself, to know how to cure it; nor is it necessary for the business expert to have actually carried on a particular business before he is qualified to advise upon its weakness. But he must be a man whose wide experience of business in general and whose long practice have rendered him capable of diagnosing the disease that is sapping its health.

If the reader is a business man he will readily admit that, at some time or other in his life, he would have been pleased, probably, to have a qualified man to whom he could have confidently entrusted a delicate business negotiation, without appearing on the scene himself until it should be convenient for him to do so. He would have been pleased, probably, to have found an astute business man, of integrity and trustworthiness—the man, in short, who could grasp as much in an hour as some men could in a month.

JOINT STOCK ENTERPRISE.

THE history of Joint Stock Companies has been traced back to a very early date, and such concerns as the Bank of England, the first charter of which dated July 27th, 1694, the New River Company, in which James the First participated, and the Hudson Bay Company, which was incorporated in 1670, are still famous institutions. Their first birthdays date from the times when ladies wore fardingales, and displayed a stomacher of satin; when houses were of lath and plaster; when sewers were unknown, and filth and garbage of all descriptions were thrown into the streets; when noblemen carried their beds about with them; when tapestry preceded wall paper; when Whitsun-ales and morris dances were popular sports, and when "flying" coaches ran 50 miles a day in summer, and 30 in winter. Companies in those days were incorporated by Royal Charter or Act of Parliament, but by sec. 18 of the Companies Act, 1862, a body registered under that Act, became, on the issue of a certificate of incorporation, "a body corporated by the name contained in the Memorandum of Association, capable of exercising forthwith all the functions of an incorporated Company."

The enormous strides that our country has made, and the great financial popularity it enjoys all over the world, are largely owing to the Companies Acts.

Could, or would any single individual, or any dozen individuals, risk their all in a gigantic and enterprising—but nevertheless, speculative—undertaking such as the

British South Africa Company, which was incorporated by Royal Charter in 1899? I trow not. Neither would he, nor they, have been able to finance the numerous successful undertakings, such as our Railway, Gas and Lighting, Water, Cable, Tramway, Steamship, Insurance, Harbour, Banking and Mining Companies, which, in the aggregate, mean an investment of hundreds of millions sterling.

Such gigantic concerns could only have been made possible by the joining of hands of thousands of capitalists, who could not possibly have known each other personally. It was enacted, therefore, by the Companies Acts, 1862, 25 and 26 Vic., c. 89, sec. 4, that "no company, association, or partnership, consisting of more than ten persons, shall be formed after the commencement of this Act for the purpose of carrying on the business of banking, unless it is registered as a Company under this Act, or is formed in pursuance of some other Acts of Parliament, or of letters patent; and no company association or partnership, consisting of more than twenty persons, shall be formed after the commencement of this Act for the purpose of carrying on any other business that has for its objects the acquisition of gain by the company, association or partnership, or by the individual members thereof, unless it is registered as a company under this Act, or is formed in pursuance of some other Act of Parliament, or letters patent, or is a company engaged in working mines within and subject to the jurisdiction of the Stannaries."

The enterprising spirit of the Britisher is the secret of Great Britain's success. It must not be lost sight of, however, that, as participators in Companies incorporated under the present Acts, we have no right to lose more than we can well afford in the event of the venture being unsuccessful.

Some may suggest that it is the duty of the Government to find the money for colossal enterprises. But the question arises: Would the Government be justified in using the public funds for these purposes? Could its action be vindicated were it to build harbours, piers, and, in many cases, towns, on every suitable portion of our

sea coast? Such a proceeding on the part of the Government would mean either a tax upon those who could ill afford it, and who would receive no individual return for their money, or at the most a return of 2 per cent. or 3 per cent. on a public loan.

There exist, of course, frauds in connection with public Companies, but these are by no means so general as many imagine. The terrible fiasco of the South Sea Company—which was established in 1711 by Harley, Earl of Oxford, and which is known as the “South Sea Bubble,”—is about one of the worst examples of fraud which history records, and even in our own days there have been isolated cases of fraud—some of them too recent to necessitate reference—which give colour to the popular impression that fraud is easier of accomplishment in a public concern than in a private one.

It must not be lost sight of, however, that the word “fraud” is often applied where “want of success” has been the only offence, and that what may be attributed to the “misfortune of the individual trader is a Company’s crime.” In any case individuals are not obliged to take shares in a Company, and, when they do, they have, at least, the satisfaction of knowing that they have a voice in the management of the concern, and can, by vote, make certain that the control of their affairs is in clean and competent hands.

HOW TO PREPARE A PROSPECTUS.

TO draft a prospectus of a kind is easy, but to draft a prospectus, having facts alone for its basis, in such a manner that the salient features and prospects of the project are forcibly brought before the prospective investor, and a favourable impression immediately created, is an art.

There are so many points and details to be considered in the drafting of a prospectus that it is only the few who make a specialité of this kind of work that are able to produce a document, fitting to the object and consistent with the materials at hand.

The first step is the gathering of all the facts, both those which are obviously material and those which at first sight do not appear essential. This is necessary in order to obtain a firm and accurate grasp of the entire position. Too much care cannot be exercised in investigating all sources of information, and in making yourself cognisant of every detail in connection with the project in view. It must ever be in our mind of the drawer of a prospectus, that not only must every statement be a fact, but the prospectus must disclose all material facts known to the promoters, directors and all concerned, who must exercise and take every reasonable care to ascertain and place themselves in a position at any time to substantiate such statements, and to show that no material fact is hidden or is undisclosed.

The Companies Acts have been framed to protect, so far as possible, the investor, and much has been made of

the responsibilities of directors ; perhaps not before it was time. But no promoter, director, or other party concerned, can have the slightest hesitation in associating himself with a project, providing he takes reasonable care and trouble in ascertaining all the real facts of the position, and in satisfying himself that the prospectus contains true statements which can be substantiated, and that it contains a true and fair resumé of the whole position.

Every vendor is expected to make the best of his wares, but he must not obtain money or credit by false statements or conveying wrong impressions. Ambiguous statements are dangerous and not clever, and the whole prospectus should read as, and must be, a straightforward statement of all the material facts. If the proposed issue be in connection with a going concern, care should be exercised that the accounts presented are certified by reputable professional accountants, and that the stated values of properties are authenticated by a professional valuation. Contract deeds and other documents should be carefully examined, not only by the solicitors but by the promoter, directors, and others concerned. If it be a mine the report should be carefully scrutinized and enquiry made as to the repute of the Engineers making them, and it is almost always advisable to obtain an independent report, and not accept the reports which are made for the vendors. If it be a patent, then advice should be sought from eminent counsel as to the validity of the patent and a report of its novelty and commercial utility should be obtained from reputable people. Written estimates of cost of production and possible demand and selling price should be obtained from as many sources as possible. If it be a concession from a Foreign Government or State, the laws and conditions should be carefully investigated by qualified experts, and in dealing with matters of this nature it is always a wise course to endeavour to find out the weakest spots in the project, and to deal with the concern with a full knowledge of all possibilities and probabilities.

Having been satisfied on the matters enumerated, the next step is to marshall your materials, and draft the body of your prospectus. Here the objective must be borne

in mind, and that is lucidly to set forth the details of your project in as concise a manner as possible, consistent with making it attractive. The art of prospectus drawing is to convey all you want to the reader in as few words as possible, and arrest his interest and concentrate his attention on the salient features immediately he glances at it.

There must be a sense of fitness and appropriateness, in the setting, printing, and form in which the matter is conveyed to the prospective reader. (The subject of printing and setting is dealt with elsewhere herein). Having satisfied yourself that you have the body of your prospectus in a presentable form, the next step must be the front page, and here all the ingenuity and skill of the drafter must be brought to bear, for as a rule on this page depends whether the recipient takes the trouble to open and look at the contents. This page, then, must be made to arrest the attention and interest of the reader. Here is generally set forth the scheme of capitalisation—the authorised capital and the number and classes of the shares into which the capital is divided, and the rights attaching to the various classes—short particulars of terms and conditions of the issue, the names, addresses, and occupations of the Directors, the Bankers, Brokers, Engineers, Valuers, Solicitors, Auditors and Secretary.

The computation of the capital is a detail which should considerably exercise the minds of all parties concerned. If the prospectus is successfully to influence possible subscribers the question should be approached from the investors' point of view, and the chances of success will be much increased by a liberal provision for all contingencies. No investor can be expected to subscribe to an undertaking where he has to accept a commercial risk, unless he be satisfied that the probabilities are that he will get a greater return than he would do were he to invest his capital in some "gilt-edged" security. But nevertheless it is not desirable, in giving figures, to offer or anticipate a return which is excessive, or which may be construed as "too good to be true." In some projects the anticipated profits are expected to be exceedingly large; if these conjectures turn out as

anticipated, so much the better for the reputation of the Board, and for the pocket of the investor, but to draw a prospectus predicting, with all seriousness, that a profit of hundreds per cent. will be made, will produce a contrary effect to that desired.

In dealing with the rights and classes of shares, it is as well to bear in mind that the present-day investor is far more enlightened than in days of yore, and he now does not favour the plain 5 per cent. or 6 per cent. cumulative preference share ; he argues, and rightly so, that if the concern is a success the chances are in favour of its earning enough to pay all classes a return ; but if, on the contrary, it does not pay as anticipated, it will not pay at all. The preference share, as a rule, proves no protection if the concern be unsuccessful, but if, on the contrary, it be a success, then his profit is limited to a plain 5 per cent. or 6 per cent. If a preference, however, can be given under other conditions, it should prove attractive, and we recommend that, in addition to the customary advantages of preference shares, a further inducement be offered in the shape of a share in remaining profits, after the other classes have had a reasonable dividend.

It is not practicable to deal with this subject in a limited space, inasmuch as there are many phases of the question, and there can be no set rule.

The names of the Directors are an important consideration requiring sound judgment. Titles are of little attraction. Unfortunately, the exposure of the terms upon which some members of the aristocracy have accepted Directorships, and of others who have shown their utter incompetency to perform the duties of the office they have accepted, together with their disregard for the trust imposed on them, has created a feeling of anything but confidence. A concern controlled by a Board of good business men creates far more confidence, and is better for real interests of the Company, but the choice has to be made with due regard to the harmonious working together of the members of the Board, and those men who are acquainted with the class of business to be conducted by the Company.

Of course, if an experienced and successful business man can be obtained, who has been fortunate in securing a title, it should be an advantage.

The following information is required by statute to be given in the prospectus :—

(a) The contents of the Memorandum of Association, with the names, addresses, and descriptions of the signatories, and the number of shares subscribed for by them respectively ; and the number of founders or management shares, if any, and the nature and extent of the interest of the holders in the property and profits of the Company ; and—

(b) The number of shares, if any, fixed by the Articles of Association as the qualification of a Director, and any provision in the Articles of Association as to the remuneration of the Directors ; and—

(c) The names, descriptions, and addresses of the Directors or proposed Directors ; and—

(d) The minimum subscription on which the Directors may proceed to allotment, and the amount payable on application and allotment on each share ; and in the case of a second or subsequent offer of shares, the amount offered for subscription on each previous allotment, and the amount actually allotted ; and the amount, if any, paid on such shares ; and—

(e) The number and amount of shares and debentures issued, or agreed to be issued, as fully or partly paid up otherwise than in cash, and in the latter case the extent to which they are so paid up, and in either case the consideration for which such shares or debentures have been issued or are proposed or intended to be issued ; and—

(f) The names and addresses of the Vendors of any property purchased or acquired by the Company, or proposed so to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue offered for subscription by the Prospectus, or the purchase or acquisition of which has not been completed at the date of publication of the Prospectus, and the amount payable in cash, shares or debentures, to the Vendor, and where there is more than one separate Vendor, or the Company is a sub-purchaser, the amount so payable to each Vendor ; and—

(g) The amount, if any, paid or payable as purchase money in cash, shares, or debentures, of any such property as aforesaid, specifying the amount payable for goodwill ; and—

(h) The amount, if any, paid or payable as commission for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in the Company, or the rate of any such commission ; and—

(i) The amount or estimated amount of preliminary expenses ; and—

(j) The amount paid or intended to be paid to any promoter and the consideration for any such payment ; and—

(k) The dates of and parties to every material contract, and a reasonable time and place at which any material contract or a copy thereof may be inspected : provided that this requirement shall not apply to a contract entered into in the ordinary course of the business carried on or intended to be carried on by the Company, or to any contract entered into more than three years before the date of the publication of the Prospectus ; and—

(l) The names and addresses of the Auditors, if any, of the Company ; and—

(m) Full particulars of the nature and extent of the interest, if any, of every Director in the promotion of or in the property proposed to be acquired by the Company, with a statement of all sums paid or agreed to be paid to him in cash or shares by any person, either to qualify him as a Director or otherwise for services rendered by him in connection with the formation of the Company.

Every person shall be deemed to be a vendor who has entered into any contract, absolute or conditional, for the sale or purchase, or for any option of purchase, of any property to be acquired by the Company, in any case where—

(a) The purchase money is not fully paid at the date of the publication of the Prospectus ; and—

(b) The purchase money is to be paid or satisfied wholly or in part out of the proceeds of the issue offered for subscription by the Prospectus ; or—

(c) The contract depends for its validity or fulfilment on the result of such issue.

(3) Where any of the property to be acquired by the Company is to be taken on lease, this section shall apply as if the expression “ Vendor ” included the lessor, and the expression “ purchase money ” included the consideration for the lease, and the expression “ sub-purchaser ” included a sub-lessee.

•(4) This shall not apply to a circular or notice inviting existing members or debenture-holders of a Company to subscribe for further shares or debentures, but, subject as aforesaid, this section shall apply to any prospectus, whether issued on or with reference to the formation of a Company or subsequently. Provided that—

(a) The requirements as to the Memorandum of Association, and the qualification, remuneration and interest of Directors, the names, descriptions and addresses of Directors, or proposed Directors, and the amount or estimated amount of preliminary expenses, shall not apply in the case of a Prospectus published more than one year after the date at which the Company is entitled to commence business; and—

(b) In the case of a Prospectus published more than one year after the date at which the Company is entitled to commence business, the obligation to disclose all material contracts shall be limited to a period of two years immediately preceding the publication of the Prospectus.

(5) Any condition requiring or binding any applicant for shares or debentures to waive compliance with any requirement of this section, or purporting to affect him with notice of any contract, document, or matter not specifically referred to in the prospectus, shall be void.

(6) Where any such prospectus as is mentioned in this section is published as a newspaper advertisement, it shall not be necessary to specify the contents of the Memorandum of Association or of the signatories thereto, and the number of shares subscribed for by them.

(7) In the event of non-compliance with any of these requirements, a director or any other person responsible for the prospectus does not incur any liability by reason of the non-compliance, if he proves that—

(a) As regards any matter not disclosed, he was not cognisant thereof; or—

(b) His non-compliance arose from an honest mistake of the fact on his part.

Provided that in the event of non-compliance with the requirements contained in paragraph (m), no director or other person shall incur any liability in respect of such non-compliance, unless it be proved that he had knowledge of the matters not disclosed.

(8) Nothing herein limits or diminishes any liability which any person may incur under the general law apart from these points.

As soon as the prospectus has been completed and dated, it must be filed on or before the date it bears. If by chance it is presented after date, the

authorities will require a declaration that no copies have been issued. No prospectus or invitation to the public to take shares must be issued before a copy has been signed by all the Directors, and filed with the Registrar of Joint Stock Companies.

HOW TO HAVE A PROSPECTUS "SET."

THE "setting" of a Prospectus is a detail which can hardly receive too careful consideration, since so much depends, as every experienced promoter knows, on the appearance of the Prospectus being such as immediately to attract the attention of the prospective investor to salient points. But while every effort should be made to bring these points under the eye of the reader, care should be taken that the display of type should not resemble the familiar circular of the fifth-rate tradesman. The aim of a Prospectus is to attract, interest and convince the investor, and for this object the bludgeon of "big type" is quite unsuitable.

The susceptibilities of the possible reader must be considered, and the Prospectus for which a different fount is used for every other line, and which flames with coloured ink, is not likely to receive the same attention as one which bears an air of refinement. There is room for variation of taste in the detail of setting up, but it may be remarked that it is not well to have a Prospectus set up in a number of different founts of type. Any points which are to be "picked out" should be confined, as far as possible, to the same fount of type, and the body should be one of type so that the setting appears symmetrical.

Prospectus setting and printing, like most other businesses, requires long experience, technical knowledge and first-class facilities to produce good results, and the placing of such work in the hands of small, inexperienced printers, is certain to prove a very expensive experiment.

But if the Prospectus be entrusted to a firm accustomed to this class of work, and that knows what is required, the drafter may rely on getting in his first proof a presentable document.

The next point to be considered, in connection with the issuing of Prospectus, after the final proof has been settled, is the machining. Here again those making the issue may experience considerable difficulty, and sometimes disastrous results, through an inexperienced printer not having the necessary machinery and facilities for producing the sheets rapidly.

As a rule Prospectuses are required in a great hurry, by reason of the fact a wise promoter will not give the order to go ahead until he has finally arranged everything, including his advertisements, so that any slight alteration in the Prospectus may be made to meet modification of his plans. Therefore the expert Prospectus printer has to be prepared, and has to possess the necessary facilities for electrotyping or stereotyping and printing, and the machinery for the production of from 100,000 to 500,000 Prospectuses within twenty-four hours if necessary.

But the Prospectus is not yet ready when printed. It is no light task to insert Application Forms, Reports or other insets in these large numbers, and the final operation of folding, counting, enveloping and stamping, is quite a business in itself. A Prospectus in which the insets are in wrong order or carelessly inserted, or which is badly folded, will cause much delay to those responsible for placing them in envelopes, and these details count towards making the result of the issue successful or otherwise. The Prospectus must come into the hands of the intended reader in a business-like manner, and not as though it had come out of a waste paper shop.

There is a great commercial value in appropriate setting and printing. The public recognise and appreciate the display of good taste, and if bad taste be displayed it reflects upon the character of the Directors and others permitting the issue. By good taste is meant a proper sense of appropriateness of the effort and means to the object to be accomplished, and harmony among

the various parts which compose the whole. Good taste infers reserve force, restraint and a wholesome fear of stepping over certain recognised boundaries. The laws of taste and art have never been consciously formulated ; nevertheless certain canons are universally recognised and not to be departed from, so that one may know when he transgresses.

The heads of most business houses realise that the appearance of their stationery, even including the way their letters are typewritten, is of importance, and that to a large degree it carries with it an indication of the character of the house itself.

Many firms have recognised the great value of beautiful drawings to illustrate the details of their wares, and the skill which has been shown by many engravers and printers in the adequate representation of such articles is almost beyond praise.

Good setting and printing is an art, and the same rule should apply in the setting and printing of a Prospectus. All the skill that is possible should be exercised in gaining the object of attracting and concentrating the attention of the prospective investor. Even the quality of the ink and of the paper is a factor which is of great importance. Printed matter must be looked upon more as an influence than as a commodity.

Dignified, well made things, are not "commonplace," and no Company promoter can afford to send out Prospectuses which attract attention merely by freakishness of form or colour.

No merchant is willing to be represented by an ill-mannered salesman or one who is gaudily dressed. A clerk in a shooting costume would be as unsuitably attired as a waiter in the garb of a chaffeur. The great natural law of harmony with environment, cannot be transgressed with impunity in any department of life or industry ; and the inappropriateness of the clerk or waiter's dress is not more absurd than the lack of arrangement, the want of typographic harmony or the rampant tawdiness of colour, which debauch the paper and press-work of some Prospectuses which are now issued.

There are many points which can be learned from the setting of old books which have lived—the use of wide margins, the charm of simplicity and the harmony of proportion, of appropriateness.

The demand for better, simpler, and more tastefully printed matter is constantly growing, and to this demand we owe what is almost a new profession—the business of “arrangement or tasteful setting.”

HOW TO ISSUE A PROSPECTUS.

BEFORE the advent of the firms who have made a special business of the collation of lists of investors, Issues of Prospectuses were made in a very uncertain manner. In those days the Promoter had to rely on Directories, Company and other lists of uncertain value. The lack of organisation resulted in an Investor receiving several Prospectuses of the same Company, and shoals being returned to the sender, through those "deceased," "gone away," and "not known" not being systematically deleted. To-day there are organisations which have made it their business to collect all the available lists possible, and so well are they collated that it is almost possible to take a given name, no matter where he may reside in the United Kingdom, and ascertain fairly accurately what interests he has, and what investments he holds. By far the largest list is that of Investors in Railway Companies but the number of Investors in Commercial Undertakings numbers nearly 200,000. The Investors who have favoured Preference Shares or Debentures number nearly 125,000, and those interested in Mining and Exploration Companies number over 100,000.

These lists are exceedingly costly to compile and keep up, but it can be readily recognised that their value in the issue of any Prospectus is incalculable.

So perfect is the system, that the firms who undertake addressing of this description are prepared to give a reasonable undertaking that no Investor shall receive two

Prospectuses, and that those returned shall not be beyond a small percentage. As new Companies appear, these firms make it their business to obtain the names and addresses of all the subscribers directly after allotment, on the chance of obtaining new names to add to their lists. And where there are active Stock Exchange dealings in the shares they periodically apply to the Companies for new lists. It can be readily appreciated, therefore, how expensive this becomes, by reason of the fact that over 50 per cent. of the names are already on their lists. Moreover, these lists are dissected, so that all the Investors in any particular county can be appealed to, if it is thought desirable. They are also grouped in classes; this is useful where a small issue is being made, in order that a Prospectus can be issued to those Investors alone who have already interested themselves in a particular class of enterprise, such as Theatres, Banks, Electric Light, Ships and Docks, Hotels and Breweries, and so on.

The addressing of envelopes for an issue of any size is no light task, and like every other detail in connection with a Company issue, only pays if done well. The addressing of upwards of 50,000 envelopes, and the enclosing of the Prospectuses, and the stamping within a given time, require more than an ordinary organisation, and a novice would be surprised at the time it takes to address a modest 1,000, enclose Prospectuses therein, seal up, and stamp that number. The Post Office are prepared to receive the money and "frank" envelopes when ready for posting, if tied up in bundles representing 5s. (60 1d., 120 $\frac{1}{2}$ d.). But this course is not to be advised, if only for the reason that a packet without a stamp, "franked" with the official mark, at once conveys the impression that the communication is one of many, or is a circular. Consequently it does not receive the same attention as an ordinary stamped missive.

HOW TO ADVERTISE A PROSPECTUS.

PROSPECTUS advertising is a business in itself, apart from general advertising, and if the best results are to be obtained, much experience and care are required in the placing of the copy for the newspapers. The issue of a prospectus, as a rule, is done in a hurry, since the contents of a prospectus are never safe from necessary alteration, until within twenty-four hours of its issue. Even then it is not unattended with the risk in that something may happen, political or otherwise, which may unfavourably affect the appeal, and act detrimentally to a successful result. In the issue of a prospectus there are many important considerations which we have dealt with elsewhere, and in the present article we confine ourselves to the advertising. Experience being an essential factor to success, we cannot be too emphatic in stating that it is far cheaper to place this work with a reliable advertising contractor, as a specialist in this line, than to attempt to deal direct with the papers. Any small saving in cost which might be effected in obtaining discounts—the agent's legitimate profit—is more than compensated for by the advantages and wonderful rapidity with which the specialist will arrange for the publication of an issue.

The agents who can be recommended to be entrusted with this important business are few, and these, having made a study and speciality of the business of prospectus advertising, should be well supported.

A prospectus-advertising expert is familiar with all the peculiarities of the various papers, knows the value of each to the projected appeal, and, as a rule, is acquainted with the heads of the departments with which he is dealing. Every paper has its own ideas or rules with regard to the style of type which may appear in its columns, and it is the business of the advertising specialist thoroughly to acquaint himself with all these different rules, and to settle the form of setting which is likely to make the prospectus appear most attractive in the limited founts of type to which such newspaper confines him. The reader, who is unfamiliar with these details, may remark that surely the newspaper compositors can do this better than anyone outside. But the contrary has again and again been proved. It should be borne in mind that the compositor has not the same interest, nor can he discern in the same manner as the specialist, what has proved most beneficial by successful results.

The specialist, being familiar with all the ins and outs of each newspaper, uses his judgment and experience to the material to be used in promoting the success of the issue. Advance or preliminary notices are very helpful to the success of an appeal, but, of course, the funds at disposal must determine whether this be practical, although, in some cases, the contractor may be able to assist in getting announcements in the financial columns that the issue will appear on a certain date.

The course to be recommended is to let the advertising contractor know the amount available for advertising, and ask him to make the selections and submit his estimate.

Advertising is not by any means beyond the small company, and we have known a comparatively good show to be obtained for £125, but for an issue of £50,000 we recommend an expenditure of from £1,000 to £1,200, and for £100,000, £1,500 to £2,000. For larger issues a greater expenditure is to be recommended, and it is a great mistake to try and save money by under advertising.

The novice will be bombarded with numerous telegrams, many of which will be prepaid, and applications from papers which he has not favoured, and of which he

has possibly never heard. The specialist knows the exact value of each of these would-be mediums; his advice is of value and should be followed. It is important to success that definite days should be stated on which the application list will open and close, and it will be readily recognised in these circumstances, how fatal it would be were advertisements to appear late, or after the date announced for closing. The agent will also be able to effect economy, by omitting papers which are useless to the particular class of project, and in the case of some newspapers will effect a saving by "breaking" the prospectus—repeating the title of the company every fifty lines. It is a peculiarity of some papers that they have a higher scale for advertisements beyond fifty lines, but will accept the whole of the prospectus, if broken at each fifty lines, at the fifty-line rate.

In arranging for space the width of the columns of each newspaper, and the size of type used are important factors. More space is required in the provincial daily papers than in those published in London, as the type in use for the body of the prospectus is larger.

Early notice should be given the advertising contractor and agent, so that he may have ample time to make the best and most suitable arrangements, but some agents have proved the excellence of their arrangements, in that special cases have been known where the contractor has received his copy late in the afternoon, and has successfully arranged for the production of the prospectus the following morning throughout the United Kingdom; a feat which is not unattended with many difficulties and dangers, and is a course not to be recommended.

Another point upon which experience and judgment are necessary is the selection of an appropriate day for advertising of the issue. It is very inadvisable to make an issue on a day, or at a time, when a number of other companies are appealing for capital.

The specialist makes it his business to keep himself well posted in all that is "coming out," and, as a rule, by various means he is advised and aware of all that is on the *tapis*. There are also special days upon which it is not advisable to make issues, such as bank and stock

exchange holidays and stock exchange settlement days. The holiday season of August and September is, as a rule, unsuitable, unless there happens to be a boom in progress during these months.

The "coming out" at the same time as bad political news, and during the throes of elections, should be avoided. There is, however, no golden rule, as everything depends on circumstances, and the advice of the expert prospectus advertising agent should be sought on every occasion.

Finally, the agent will supply his customer with copies of all the advertisements and press notices, and will advise all the newspapers that notices of allotment have been posted, so soon as he is acquainted with the latter fact.

He will also, on the day before the closing, get many of the papers to draw the attention of their readers to the fact that the list of applications will close on the morrow. The gist of what we say is that to get the greatest value, the greatest publicity, and to ensure the greatest chance of success to follow on the advertising of a prospectus, don't hesitate, but employ the specialist.

Within these pages will be found a comprehensive list from which to select papers for the advertising of a company prospectus, and the rates of the various papers are also given. We have included this list as it will, no doubt, be of interest to many of our readers.

HOW TO ARRANGE THE ALLOTMENT.

EXPERIENCE has proved that it is not desirable to keep the list open too long, as we are all prone to change our minds. There is the old maxim that "He who hesitates is lost," and other issues may make their appearance during the period the list is open, if it be too long, and these other issues, or one of them, may appear more attractive to the Investor, who, in consequence, may wire or write a withdrawal of his application for shares, which anyone is entitled to do at any time before allotment takes place. The mere application for shares is not binding on the applicant until the allotment has been made, and the notification to him of allotment has been posted, which operation completes the contract ; until then he can at any time withdraw his application. It must also be remembered that there are some persons who will not apply for shares until the last moment, in order that they may have time to consult this and that friend. Advice gratis is readily given, but is seldom valuable.

For these reasons it is to be recommended that the list should close for London, in the case of a London issue, on the morning of the second day after its first appearance in the morning papers, and for the country the following day.

Arrangements should be made with the Bankers who are receiving the applications that they shall deliver up the application forms as they are received by each post, irrespective of the clearing of cheques, and no time should

be lost in preparing a list of the applicants ready for the allotment.

In arranging the allotments I recommend the preparation of a few sheets of close faint ruled demy, which should be kept loose, numbered, and ruled up in columns, so that thereon may be entered (1) the name, address and description of the applicant; (2) the number of shares applied for (in cases of two classes of shares separate sheets may be used for each class); (3) the amount paid on application; (4) the total amount due on application and allotment; (5) the balance due on allotment; (6) amount to be returned; (7) distinctive numbers; (8) analysis of columns.

Columns 1, 2, 3 can be proceeded with and kept up as the applications come in from the Bank. Columns 4, 5, 6, 7, and 8 obviously cannot be filled in until after the Meeting of the Directors and the allotment. At the Meeting of the Directors the Secretary will fill in against each applicant the number of shares allotted to him, and it takes them but a short time, if there are sufficient clerks available to make the additions for column 4, and the subtraction for column 5, and to make ready, check, sign, and post the allotment letters. The allotment letters should be ready printed and stamped, and it will facilitate the early posting if the allotment letters be numbered and addressed directly there is reasonable assurance the Company will proceed to allotment.

Curtis, Gardner and Co. are prepared to undertake the supervision and arrangement of any allotment, whether it be a large or a small issue, and to guarantee, if they be given due notice, that the allotment letters shall all be in the post within a few hours after the Directors have gone to allotment.

Promoters and Directors of Companies will find, on trial, that we can be of material assistance in many ways in the preparation of a public issue.

CONCERNING UNDERWRITING AND BROKERAGE.

JUDGING by the numerous applicants who request us to arrange the underwriting of shares under impossible circumstances, little is known of the practical side of this business. Underwriting is a term applied to the guaranteeing of capital under certain conditions, and is impracticable with other than Public Companies. It is a system of guaranteeing the due subscription of capital of a Company, before the expense of an invitation to the public for subscription is undertaken. In underwriting certain persons enter into a contract under which they agree, in consideration of a commission in cash or fully paid shares, or both, to apply or find responsible persons to apply for a given number of shares, in the event of the public not subscribing the entire capital. If the public subscribe the full number of shares, then the underwriters' obligation ceases, but if on the other hand the public do not subscribe the entire amount, then the underwriter has to fulfil his obligation. Thus, supposing the public subscribe half the issue, then the underwriter has to apply or find applications for half the number of shares he has underwritten, and so on, in proportion to the amount of shares taken up by the public. For the risk he incurs, the underwriter receives a commission. This class of business is generally undertaken by stock brokers and financial firms who have a clientele among whom they can obtain the requisite subscriptions, but in

some cases the underwriter is willing and prepared, should it be necessary, to take the shares himself. When the public are freely subscribing to issues, or where the concern has a good reputation, or is of a nature that will immediately attract public support, underwriting is a profitable business, and it appeals to those who are fond of speculating.

Before the Act of 1900, underwriting contracts were of doubtful value, but sec. 8 of the latter now definitely legalises the payment of a commission to any person, in consideration of his agreeing to subscribe or procure subscriptions, or place shares, providing the amount agreed to be paid is mentioned in the prospectus, and is authorised in the Articles of Association.

The payment of a commission by the promotor or vendor under sec. 8. (2) is unlawful; therefore Public Companies must pay their own commission.

While on this subject, a few remarks on brokers' fees may be of interest. Since the provisions of the Companies Act, 1900, the payment of brokers' fees in addition to brokerage or commission, has given rise to much controversy. It was the custom, before the Act of 1900, to pay a stockbroker a preliminary fee, but apparently this course is now illegal, unless, which is doubtful, s. 8, s.s. 3, means the inclusion of preliminary brokers' fees in the word "Brokerage," or unless it were dealt with under the heading of commissions as hereinafter suggested.

The following clause in the Articles of Association may be found useful as a precedent for a Public Company, as apparently it would apply with s. 8, s.s. 1, and at the same time meet with the requirements of the promotor as to brokers' fees and commission to be paid for procuring capital.

"The Company may, upon the offer of the whole or
"any portion of its shares for public subscription, pay
"a commission of not exceeding 25 per centum to any
"person or persons or Company, in consideration of
"his or their subscribing or agreeing to subscribe,
"whether absolutely or contingently for any shares in
"a Company or procuring, or agreeing to procure,
"subscriptions, whether absolute or conditional, for

“any shares in the Company. The Company may
“also pay by way of further commission as aforesaid,
“a preliminary fee of not exceeding two hundred
“guineas each to such person or persons undertaking
“to subscribe or procure subscriptions, either absolute
“or contingently as hereinbefore mentioned, providing
“that such additional commission shall not be paid to
“other than a recognized stock or share broker or
“dealer.”

Where a Public Company is desirous of paying a fee, or fees, of this nature, a clause somewhat similar to the following in the prospectus should be a sufficient disclosure to comply with the Act.

“The Company will pay by way of commission, a
“preliminary fee of not exceeding two hundred
“guineas to each of its brokers, and a further commis-
“sion, not exceeding five per cent., to brokers or other
“authorised persons subscribing or procuring subscrip-
“tions or placing shares.”

The Act is complied with if the amount mentioned in the prospectus does not exceed the amount authorised in the Articles: but it should be noted that the Act does not require that the actual amount authorised in the Articles shall be stated, but only that the amount “disclosed in the prospectus, does not exceed the amount or rate so authorised.” Therefore it may be assumed that the Company may, providing the amount it is intended to pay be disclosed in the prospectus, pay any fee and any amount of commission, if the said fee and amount of commission does not exceed the amount authorised in the Articles. As it may be convenient for the Company to pay a higher rate of commission later, it is well to make provisions to pay a larger commission than intended.

FASHION IN INVESTMENTS.

A point to be noted is that there is at all times a fashion in the class of investment favoured by the public, and it is always very risky to attempt to obtain subscriptions for a class of enterprise which for the moment is unpopular.

As an illustration it may be mentioned that at the time of writing the Motor Bus Companies are receiving considerable support from Investors, and no doubt that within the near future, in addition to a considerable number of Home and Colonial Commercial enterprises, Japanese and Chinese ventures will be popular ; but if a brewery concern were to appeal for subscriptions, it would be attended with a risk which no experienced promoter would accept.

CONVERSION OF BUSINESSES INTO PRIVATE OR PUBLIC COMPANIES.

ANY business, whether large or small, whether carried on by an individual or as a partnership, is capable of being converted into a Company with Limited Liability under the Companies Acts.

Prior to the Companies Act of 1900, any person or persons seeking to form his or their business into a Company, sought the aid of a professional Company Promoter.

The notorious rapacity and unscrupulous methods which so unfortunately characterised the Professional Company Promoter, raised a demand on the part of the public for special protective legislation, which resulted in the Act of 1900.

The Professional Company Promoter is fast vanishing and will, in the near future, be an extinct factor in the formation of Limited Liability Companies.

The result has proved and is still likely to prove beneficial to traders and investors alike, and in an additional way to that anticipated by the Legislature. Aimed at the professional promoter, it has enabled the public to realise that he is not and never was a necessary factor, and that every man wishing to convert his business into a Company not only can, but should be his own promoter, with the aid of technical experience rendered by men who have made it their special study, and who are alive to all the special points at issue.

To supply this technical aid at moderate cost has for years been the aim of the Principals of Curtis, Gardner and Company, Ltd.

The object of this work is to point out not only the advantages to be derived from the conversion of a private business into a Limited Liability Company, but to enable the reader to convince himself of the necessity for, and prudence of such a course of action.

If we have elaborated the subject at too great length, or reiterated with too great persistence the advantages arising from conversion we crave our readers' indulgence, but in our view no truth can be too often or too obviously stated.

ADVANTAGES OF TRADING AS A COMPANY.

The first of the advantages to be gained by converting a private firm into a Company is the limitation of liability which can be secured under the Companies Act.

Under the existing law a man cannot go into business either alone or in partnership without rendering himself liable to pay the trade debts out of his entire property to the last penny.

Now, while an honest trader will naturally desire to pay all his debts in full, and will, indeed, control his operations so as to make such payment in ordinary circumstances possible, yet in the vicissitude of modern commerce he may find his plans defeated, and he then has no resource except to surrender his whole fortune, *including his home and private investments*, and either become bankrupt or make an arrangement with his creditors.

So long as he carries on business by himself, the possibility of this result cannot be escaped. For example, a man in business who has capital of £4,000 cannot invest £2,000 in safe securities as a guarantee against poverty, and risk only the other £2,000 in his business. But by taking advantage of the Companies Acts, on the other hand, he is able to secure himself and his wife and family, by means of private investments, against any catastrophe which may occur, and to which every com-

mercial man, however apparently sound his business may be, is always liable. In other words, in the event of disaster, the loss does not fall entirely upon himself; it falls also upon the creditors, who, for their own purposes, and with knowledge of the limitation of his liability, have done business with him. They, in their turn, can avail themselves of the Acts in the same way; and the result is to spread the area of risk, and to save any individual trader from being reduced to bankruptcy by unforeseen business misfortunes.

It may be contended that this is an unintended result of the Companies Act, 1862, but the decision of the House of Lords in Salomon's case has affirmed it to be a legitimate result, and the business world has emphatically added its sanction by availing itself so largely of the advantages thus offered.

The advantage of limited liability is still more strikingly shown in a case where a business is carried on in partnership.

A man trading by himself has to answer for his own mistakes or want of foresight; when he is trading in partnership he has to answer also for the conduct of his partner, and he can never tell with certainty in what liabilities he may thus become involved.

How completely a man is in his partner's hands is shown by the following passage from the judgment in James Baird's case: "As between the partners and 'the outside world' (whatever may be their private arrangements between themselves), each partner is the unlimited agent of every other in every matter connected with the partnership business, or which he represents as partnership business and not being in its nature beyond the scope of the partnership." Thus in the case of a trading firm a partner may accept and make bills and other negotiable instruments in the name of the firm; he may borrow money on the credit of the firm, and he may buy on account of the firm goods of a kind usually employed in its business. All these operations represent methods in which a partner, if he is fraudulently inclined, may with little difficulty obtain money at the firm's expense and misappropriate it.

It has often happened that a partner has thus been ruined through the fraud of his co-partner. A man in partnership, therefore, runs the risk of loss, not only through the mistakes, but through the fraud of his partner.

But let the business be turned into a Company, and the risk is materially lessened. The partners on becoming Directors will still, indeed, be in the position of agents, but they will be agents of the Company, and not of their co-Directors. Not only is it easier to restrict the powers of a Director than that of a partner, but if one Director does, by his misconduct, inflict loss, the loss falls on the Company, and the other Directors are only affected to the extent of their interest in the Company. The powers of a Director depend on the Articles of Association with which persons dealing with the Company are supposed to be acquainted, in fact, it may be said that if the Company's documents be properly prepared it can be made almost impossible for a Director to commit fraud on the partners in the Company.

NO LIABILITY TO BANKRUPTCY.

In the majority of cases the limitation of liability furnishes ample reason for converting businesses, whether carried on solely or in partnership, into limited Companies. But there are further advantages which tell strongly in the same direction. Some of these flow from the fact that the Company is a Corporation with a corporate existence. Thus a creditor sues the Company and not the shareholders, and if the Company cannot pay its debts, the assets are distributed in a winding up and not in bankruptcy.

The proprietor of a business, therefore, who converts the firm into a Limited Company, in which he takes fully-paid-up shares, avoids all risk of having to face bankruptcy with its ordeal of public examination, should the affairs of the business become involved. Of course he may be publicly examined in the winding-up if a case of fraud in the promotion or management of the Company

can be alleged against him, but this also applies in bankruptcy, and is thus a contingency which need not be considered.

FACILITY FOR CARRYING ON BUSINESS AFTER DEATH OF PROPRIETOR.

Beyond the above contingencies the traders have to guard against the ever present risk that their control of the business may be suddenly terminated by death : and such an occurrence will usually involve the trader's family in trouble and loss, unless he has had the foresight to convert the business into a Company. The difficulty may be avoided if there is a son ready to take his father's place, though even then the son will probably be seriously crippled in his resources by the necessity of paying out money to other members of the family. If, however, there is no son or other beneficiary under the will to carry on the business, it will, in general, have to be sold, for the alternative—the carrying on of the business by trustees—is attended with too much risk to the trustees to be often available.

Trustees who carry on the business of their testator in pursuance of a direction in his will render themselves personally liable for all new debts, and although they are entitled to be indemnified out of the estate, yet this indemnity may turn out to be valueless. It will very rarely be safe for a trustee to pledge his credit for the purpose of keeping the business going.

DISSOLUTION EASILY AFFECTED WHERE BUSINESS IS A COMPANY.

If, on the other hand, the business has been turned into a Limited Company, the case will be entirely different. The proprietor will have been Managing Director during his life, and there will be no consideration of personal liability to prevent the trustees of the will, or some person nominated by them or by the testator, from taking

up this position on his death. Arrangements for the continuance of the business by its former managers may be easily made, and provision can be inserted in the will, or arrangements can be made by the trustees, for vesting in the new Managing Director the necessary qualifying shares, and he will naturally require to be remunerated ; but once appointed to the post, he will carry on the business, not as a trustee subject to unlimited liability, but as a Director who incurs no personal liability whatever to creditors. It will be possible to find such a Managing Director, when it would be quite impossible to expect a trustee to continue the business at his own risk.

EXAMPLE.

An example will make the result of conversion into a Company clearer. Take the case of a man who is carrying on business with a stock-in-trade worth £3,000, and cash at Bank £100, book-debts £1,400, plant machinery £1,000, other assets £1,000, and on the other side liabilities of £3,000 on bills for goods, etc. The profits will depend on the nature of the trade, but for the purpose of illustration we will put at £1,500. Cases occur where the profits are large, even though the stock-in-trade is purchased almost entirely on credit. If the business has been turned into a Limited Company and the proprietor's place is taken on his death by a competent Managing Director, the income of £1,500, subject to proper remuneration for the Managing Director, will be retained for the benefit of the family.

If, however, this step has not been taken, the business will have to be sold outright for about £6,500, plus, perhaps, in some cases, a small amount for goodwill. Out of the proceeds the liabilities would have to be paid. Deducting from the sum realised (£6,500) the liabilities (£3,000), the amount left after paying all necessary expenses would not be likely to exceed £3,500, which, invested in trust securities, would not produce a greater income than from £100 to £150 a year.

It will at once become apparent that through the impossibility of continuing the business when the

managers of it must incur personal liability the family lose a net income of about £1,250 per annum.

The difficulty is obviated if the business has been turned into a Company, as by this means the family would still obtain the former income with the double advantage of the prospects of a greater one if the business increases.

FACILITY FOR DIVIDING BUSINESS AMONG FAMILY.

The advantage following the conversion of a business into a Limited Company, in the event of the death of the proprietor, is not confined to the facility which it affords for carrying on the business after his death. Since the assets of the business are represented by shares, a ready means exists for making any distribution which the testator may desire among the members of his family.

In an ordinary case, where a sole trader dies, and the firm is to be carried on by the sons, they will be required, as a condition of taking the business, to pay out of it certain sums, either by way of annuity or of principal, to the widow and the other children of the testator. Even though such payments of principal are made by instalments, the effect on the business may be very prejudicial. All the money which is made, and which will probably be urgently needed as capital, will be paid away from time to time, and the successful carrying on and development of the business will be effectually prevented.

The same result will follow where the testator was in partnership. The business will then be carried on by the surviving partners, and the share of the deceased partner will have to be purchased or remain. To some extent this may be obviated by a provision in the will allowing the money to remain in the business as a loan; but such an arrangement will only be temporary, and circumstances may arise which necessitate the calling in of the loan at a time when the money can ill be spared from the business.

These difficulties are entirely obviated where the firm has been turned into a Company.

The testator has then no business which he can leave by will. His interest exists in the shape of shares, and he will leave so many to one child and so many to another, just as he thinks expedient. There is, consequently, no dislocation of the capital, but each member of the family has a due interest in it, and as a shareholder can take part in its management. When it is desired to realise any of the shares this will be done, not by withdrawing money from the business, but by sale to other shareholders, or perhaps to the public.

CHANGES IN PERSONNEL OF BUSINESS EASILY EFFECTED.

AVOIDANCE OF DIFFICULTIES ARISING UPON CHANGE IN PARTNERSHIP.

The conversion of a business into a Limited Company is also extremely useful for avoiding the difficulties which arise in an ordinary partnership when a change in its constitution is effected by the retirement, death, bankruptcy, or lunacy of any of the partners. The persons interested in the Company are interested not in the actual assets, but in shares in the capital which represent the assets. Hence upon any change in the personnel of the Company there is no interference with the title to the assets.

Upon a change in the constituent members of the partnership, on the other hand, elaborate and expensive arrangements have to be made for the transfer of the assets of the partnership from the old partners to the new. If the assets include land or certain kinds of personal property, there is expense in the shape of law costs. All this is avoided in the case of a Company.

The title of the Company to the assets of the business remains unchanged, notwithstanding any changes among the members. An old member retires and a new one is introduced simply by a transfer of shares. There is no conveyance, and no new partnership deed. The Memorandum and Articles of Association govern the new member just as they governed the old, and the change is effected with the utmost simplicity.

CHANGE ON BANKRUPTCY OR LUNACY.

It is the same when a member retires through bankruptcy or lunacy. His trustee in bankruptcy, or his committee in lunacy, disposes of his shares to other members of the Company, or, if the Articles allow it, to the public, and the business of the Company goes on without interruption. If the outgoing member was a Director, his place will be filled up by appointment from among the other shareholders, and any desirable person can be introduced for this purpose by making him the transferee of a sufficient number of shares.

INTRODUCTION OF FRESH CAPITAL
READILY ARRANGED.

The same considerations apply to raising fresh capital. This can be done by allotting new shares to old or new members who are prepared to provide the money, and no further formalities or documents are required.

In the present enlightened state of investors it is found that capitalists are more willing to invest in a company where the liability is limited, and accept a salaried position, than to become ordinary sleeping or active partners. The simplicity of all this, as compared with the arrangements consequent upon a change in an ordinary partnership, is obvious.

FACILITIES FOR BORROWING.

Lastly, attention may be directed to the position of a Limited Company with regard to borrowing. A Limited Company, formed for trading purposes, has an implied power to borrow money but usually an expressed power will be conferred by the Memorandum and Articles of Association to borrow, and give as security Debentures charged on all the assets of the Company.

When the Company borrows on tangible security, there is, of course, no reason, theoretical or practical, why the limitation of liability should effect the transaction. The lender looks to the goodness of the security, and the Company profits by the fact that it can offer Debentures.

One advantage of Debentures is that they can be made to cover moveable property without requiring to be registered as bills of sale. Companies can thus give a security which a private trader cannot attempt without very seriously injuring his credit.

Moreover, Debentures may be made to form what is known as a "floating security." They can be made to cover the whole property, present and future, of the Company, without interfering with the disposal of the property in the ordinary course of business. If, however, default is made by the Company in complying with the conditions of the loan—in payment, for instance, of interest or of stipulated instalments of principal—or if a winding up occurs, or any attempt is made by other operation of law to take possession of the security charged then the Debentures at once attached to all the existing property—the charge "crystallizes," as the saying is—and the property is appropriated to answer the debt.

In both these respects a Company possesses considerable advantages for borrowing money over a private trader or a partnership.

YOUR POSITION, IF YOU LIMIT YOUR LIABILITY.

ALMOST the first questions which occur to a man, when it is suggested to him that he ought to convert his business into a Limited Company, are:—What would be my position then? Would the business still be my own for all practical purposes? Isn't it very likely that I might be dispossessed, superseded, or unduly interfered with? At all events, shouldn't I have to disclose all my affairs to a gaping world? No one need have the slightest fear of this if he will take reasonable care, and avail himself of the means of protection ready to his hand.

By the Act of 1862, forming a Limited Company was rendered so simple that, after 40 years' experience, it has not been found necessary to alter the scope and outlines of the Act. All that has been done since has been a filling in of details, as when some great painter dips his brush and colours his picture.

This Act is simplicity itself compared with the Articles necessary in a partnership or co-ownership, where the business man is almost invariably at a loss to thoroughly understand the position in which the legal draughtsman has placed him.

ONE-MAN AND PARTNERSHIP COMPANIES.

Of recent years a large number of what are termed one-man Companies have been incorporated, and these

one-man Companies were the subject of much discussion by the Committee appointed to deal with the amendment of the Companies Acts, but the evidence tended to confirm the advantages derived by traders and the country from this form of trading, which has been decided to be correct and legal. Hereunder we set out a few of the opinions expressed:—

THE HON. MR. JUSTICE ROMER.

As I understand it the Legislature has thought it not right that a man should carry on business under another name with limited liability; that a single trader should not. I cannot see why not, I am bound to say; because if they are going to allow seven, why not six or five, and so forth.

Ques.: But beyond the anomaly of what you have pointed out, which one of course sees, you do not see any public evil in a man substantially being allowed to start a business with limited liability?

Ans.: No, I cannot say I do. My own impression is that I do not see why you should not allow a man to carry on a business by seven if he can get them.

THE RT. HON. THOS. SINCLAIR, D.L.

Earl of Kimberley. Ques.: You represent about 80 private Limited Liabilities Companies with a capital of £5,000,000, carrying on business in Belfast and the neighbourhood, and you also represent the Council of the Belfast Chamber of Commerce, of which you are ex-president and a member of the Council?

Ans.: That is so.

I have been extensively engaged in business in Belfast for over 40 years. My firm transacts business all over the United Kingdom and in the United States of America. For family reasons, 22 years ago, the business was converted, and since then, as a Managing Director, I have had daily experience of working under the Limited Liability Acts.

The principal of association with limited liability has been largely adopted in the North of Ireland, and, beyond question, to the general advantage of the community; in fact, I consider the adoption of this principle has been a most important factor in the remarkable progress of Ulster during recent years. I say so, because it has saved large industrial undertakings from being broken up on the retirement from business or death of successful owners; the success of such Companies has induced men of ample means, protected by limited liability, to assist in establishing other industries in our neighbourhood, their capital thus being employed in Ulster instead of seeking investment elsewhere. In this way new industries have been successfully introduced and carried on in our neighbourhood with great advantage to the general community, and especially to the labouring classes, who, on account of agricultural depression,

are glad of an opportunity to earn a living in industrial pursuits. It is a remarkable fact that extremely few of our North of Ireland Joint Stock Industrial Companies have become insolvent, and almost every one of them which has gone into liquidation has paid its creditors 20/- in the £.

A large proportion of the North of Ireland Limited Companies are strictly private or family Companies. They are distinguished from public Companies in the following respects:—No prospectus is issued in connection with their formation; they do not ask the public to become partners by buying their shares; they have no quotation for their shares on any Stock Exchange, and none is published in the newspapers; the number of their shareholders is small; there are stringent provisions in the Articles of Association calculated to make difficult the sale of shares to outsiders (for example, many of them contain an Article requiring a would-be seller to offer his shares to the Directors at an arbitrated price to hold good for a prescribed period during which the Directors may find a purchaser); *finally, they are as exclusive as to divulging results of their business operations as is a private partnership.*

MR. FRANCIS BEAUFORT PALMER, BARRISTER.

I have paid great attention to Company Law for the last 20 years. During that time I have taken part in the formation of some thousands of Companies, and advised in many thousands of cases in relation to the daily working of Companies, so that I have considerable experience in the matter. . . . It seems to me that the great mass of Companies are honest, and that most of the men engaged in them are perfectly honest.

MR. H. B. BUCKLEY, Q.C.

There is one matter I should like to say a word about, and that is the one-man Companies, which I see has been discussed here. So far as my opinion is concerned, I would like the Committee to understand that I do not see why a single person should not trade as a Limited Company if he takes the proper means of doing so. As regards the seven persons, I suppose that we are all agreed nowadays that you cannot ensure seven real persons, and I do not see myself why an individual should not register himself as a Company, what is generally called a one-man Company, provided you can prevent fraud.

THE PRESIDENT OF THE INCORPORATED LAW SOCIETY, 1896.

There are a great number of Companies at the present moment which are established for the purpose either of taking over established private businesses or developing portions of those businesses; and it seems to me that a great many of the provisions of this Bill are not applicable to Companies of that kind, which, I would submit, are Companies which are entitled to the consideration of Parliament, because they enable a very large amount of capital to be profitably employed which otherwise would not be risked.

There is, at the present moment, among merchants, for instance, a great tendency in this direction; the senior partners, the capitalists who are at home, are quite prepared to risk their capital in new undertakings or extensions of their own business, and to give the management of those developments of their business to their junior partners, but they are not always prepared to embark all their fortunes in such undertakings, and I have had a great many cases through my hands in which very many successful developments of business have been worked out by means of Companies that are subsidiary to partnerships in this country.

MR. SAMUEL OGDEN, J.P.

The social and personal consequences of Bankruptcy, which result from unlimited liability, impose prudence on private traders; but, being non-existent in the case of Limited Companies, business involving large risks is more easily undertaken by such Companies. This fact considerably handicaps ordinary traders with unlimited liability in their competition with Companies with limited liability, and has a tendency either to drive them out entirely, or to induce them to abandon their cautious rules of conduct in trading.

MR. J. S. PURCELL, C.B.

The registrations of recent years has been largely increased by the great number of private businesses that have been converted into Joint Stock Companies.

REPORT OF DEPARTMENTAL COMMITTEE.

It is frequent experience that a Company is formed in the first instance by a small number of members, and when the business is developed, and more capital is required, it is offered to the public. It is suggested that to attempt any distinction on the register between Joint Stock Companies on this basis would lead to confusion. On the other hand, there is an obvious convenience which is largely felt, in enabling Capitalists who are retiring from business to leave their money in it, and retain the status of Partners without incurring unlimited liability, and it is also convenient for persons whose property is invested in a prosperous business to provide for their families by way of a settlement or testamentary disposition, by means of shares in the business without liability. This is a legitimate use of the principle of association with limited liability, and the machinery of the Companies Acts has been used for this purpose to what extent it is impossible to ascertain, though the number of such Companies must be large. It may, however, be remarked that such private Companies frequently consist of less than seven members in substance, and so far as beneficial interests are concerned, the requisite number of seven being provided and kept up by means of "Dummies."

MR. J. W. BUDD.

Lord Chancellor. Ques.: Have you any opinion about the propriety or impropriety of one man practically constituting a

Company. Supposing the state of the law to be that one man can practically do that, that there may be one real man, and the six others are mere dummies, is that a state of the law, if it be the law, of which you approve or would you have it altered?

Ans.: There might be in an honest case very great advantage in having a one-man Company, because he would be able to borrow Capital in the same way as is done on an EN COMMANDITE partnership.

Ques.: You see the objection (I am not saying there is such an objection), that would be urged would be that he was trading with limited liability, being an individual, and that that was contrary to the purview of the Act.

Ans.: But in principle, I cannot see any objection to a single man trading with limited liability. Of course I see an objection to it if it is being done merely to defraud his creditors, as some of the cases which have come before the Courts have shown was the fact.

Ques.: All I wanted to know was whether if that be the state of the law, you would suggest alteration.

Ans.: NO.

Ques.: Earl of Leven and Melville. What I want to arrive at is the sort of proportion of interest in which these Companies, which we will call for the moment Private Companies, stand to the rest of Joint Stock enterprises?

Ans.: I could not form an opinion upon that without going deeply into statistics; I can only tell you that in my own business it is a very considerable proportion; probably I should say one-third of all the Companies that I have acted for have been what I should call private Companies, something like that.

BRISTOL STOCK EXCHANGE, 1896.

The Committee of the Bristol Stock Exchange is of opinion that suggestions made in the infancy of the limited liability movement can be of little value compared to 30 years actual experience.

One of the distinguishing features of the English Law is the facility for the formation of a Company, and no doubt such facilities brings to this country enterprises and business for which the required capital might otherwise be sought elsewhere.

The attention of the Departmental Committee appointed by the Board of Trade was directed to the growing practice of converting the business of an individual or of a firm into a Joint Stock Company. The business continues to be carried on in the same way as before, but the owners of it are converted into shareholders of a Company with liability limited to the amount of their shares. The Companies in question are not, at any rate in the first instance, brought before the public, but the requisite number of seven shareholders is, when necessary, made up of persons holding a small number of shares, or it may be a single share. In many cases this course is pursued by persons who have made a valuable business and are desirous of

retiring, from active business, but leaving their capital in it, or (it may be) wish to make the business a means of providing for their family, by way of settlement or testamentary disposition.

This simplicity and security were amply confirmed in 1897 by the House of Lords, on the famous one-man Company case known as *Broderip v. Salomon*. There, Aron Salomon, a perfectly solvent trader in leather and hides and a boot manufacturer, thought he would prefer to carry on his business with limited liability.

He caused a Company to be registered with a nominal capital of £40,000 in £1 shares. He himself took one share, and his wife, his daughter, and his four sons took a share each. Nobody else ever had a share in the Company. Subsequently Aron Salomon had 20,000 more shares allotted to him. He was elected Managing Director, and, as one share carried one vote, at all meetings he was able to outvote all the other shareholders.

The business remained entirely under his control. His position was as absolute as when he was trading on his own account. He could not possibly be superseded, dispossessed, or unduly interfered with, because he held the bulk of the shares.

There was no disclosure of his affairs, except to members of his own family. What is called the Memorandum of Association was signed and registered, and forthwith the Company was launched on its career.

It was really a Private Company, which, however, is distinguished from a Public Company only by the fact that it does not issue a prospectus, and does not invite public subscriptions.

All these proceedings on the part of Aron Salomon received the assent of the highest tribunal of the land, as being in entire harmony with the wording of the Act of 1862. "Everything had been complied with that the Act required," said the learned Lords.

Thus it will be seen—from no mere imaginary case, but from an actual example—how altogether groundless is any fear which may lurk in anyone's mind of dreadful things happening, should he once embark on the sea of limited liability.

Limited liability is the magnetic phrase which covers the reasons why so many people become financially interested in Companies—why, in fact, this interest is swelling in volume day by day, and has now reached in this kingdom the vast sum of over £1,300,000,000 of paid-up capital.

Unlimited Companies have almost vanished altogether. And why? Because of the great risks and liabilities to which persons holding shares in them are exposed. They are no better than partnerships, or co-ownerships, or trading on one's own account, in which a man's property, down to his last farthing, is liable for the debts incurred in the business or undertaking. Naturally what a man wishes to avoid, possibly after years of hard work, is financial wreckage, sometimes caused by the cycles of trade depression, which come periodically to every business.

There is another side equally important. A man may wish to extend his business, but is only willing to risk a certain proportion of his capital in doing so. A Limited Company is the only easy, inexpensive, and safe way. It offers excellent advantages also for raising capital, for lack of which so many businesses have suffered at certain periods of their existence, and for lack of which many a time a potentially good undertaking, such as the working of a patent, never gets a chance to come into existence. It is only by divided share capital and limited liability that there is any hope sometimes for what may prove a most lucrative investment.

Then, again, borrowing money, which is so fatal to the credit of private concerns, becomes a matter of course, and of every-day business, when the borrowing is done by way of debenture or charges. In fact, Mr. Justice Buckley has said that the issue of debentures is not borrowing at all. It is practically an annuity charged on the property of the Company. So the stigma of being in low water, the rush on the part of creditors as soon as they hear that a private trader has had to get a loan, or a bill of sale or a mortgage is avoided. These difficulties seldom arise if the borrowing is effected in the manner approved in connection with Limited Companies. Thus business is

facilitated and encouraged, and though there are losses in connection with Limited Companies, they are an infinitesimal fraction of the stream of wealth which has been poured out in this way.

We quote again from official returns:—Of paid-up capital in Companies registered, the Inspector-General declared a loss of one-seventieth, of the capital involved, leaving 69-70 securely invested.

This disposes of a fallacy—a fallacy much too current—a fallacy that has frightened many people when they have considered the one-seventieth alone, and not in relation to the total amount invested.

On this broader aspect of the question, the very high tribute paid to the achievements of joint stock enterprise by the then Chancellor of the Exchequer (Sir Michael Hicks-Beach) in August, 1899, at the inauguration of the new Seaham Harbour Works, is worthy of attention.

Sir Michael was speaking with the wide experience and trustworthy knowledge gained as past President of the Board of Trade, as well as from his high office as guardian of the nation's cash box. He said:—

“People have a habit of fixing their minds on petty details of Company delinquencies, leading them to an irrational denunciation of the entire joint stock system. Promoters and Company mongers do make illicit profits; shareholders do lose their money; prospectuses are misleading; directors do accept their qualifications from promoters when they ought not, and do try to hush up discreditable transactions. The yearly wreckage of the United Kingdom seems very terrible, until we compare it with the whole vast volume of British shipping; so does Company wreckage, until we compare it with the vast joint stock enterprise. It is the joint stock system, with its co-operative enterprise, which has, by the magic key of limited liability, unlocked a golden stream of national wealth, and has done more than anything else in our time to stimulate and extend vast industrial undertakings which, without its aid, would have been Utopian and impossible.”

Greater tribute could no man pay than this. With all the means of judging at his command, with no ends to

serve except that purest and noblest end—the nation's weal—and, taking into account all that can be said against limited liability, he has no words of praise adequately descriptive of his own faith in the supreme value of the joint stock system.

Very much to the same effect were the remarks of the President of the Incorporated Law Society in his address at an annual provincial meeting at Dover. He had occasion to refer to the Companies Bill then before Parliament, since amended and placed on the Statute Book as the Companies Act, 1900.

As readers will recollect, there has been a very strong outburst of feeling on the part of many members of Parliament, and on the part of the Press for more stringent legislation. In effect, the attacks came to this:—"Our Company system is honeycombed with fraud, and requires drastic reform."

In reply to this charge, the President of the Law Society said:—"The cases in which fraud exists, happily, are small, both in number and value, as compared with the whole value of joint stock business and enterprise, and it would be a misfortune if, after an Act of Parliament had been passed, it was found that the restrictions, the responsibilities, and penalties it imposed worked an injury to the expansion of honest and legitimate enterprise and business to an extent out of proportion to the good it might do in repressing or attempting to repress fraud. Many honest and capable men would decline to subject themselves to restrictions so elaborate, so minute, so inflexible, and involving such an amount of responsibility in regard to specific particulars to be stated in the prospectus; to conditions under which an allotment is to be made or withheld, and the money returned, as contained in the proposed Bill before Parliament."

Happily, when the sections of the Bill crystallised into their final form through various Committee stages, these fears on the part of the worthy President were not realised, and the good sense of the broader-minded and more clear-sighted amongst the nation's legislators prevailed.

The reports of the Inspector-General, the censor of Limited Companies, are very much to the same effect.

It thus appears that those best able to judge have nothing but praise for the principle of limited liability, and, speaking deliberately, do not complain of the methods employed in the application of the principle.

The man with a business, contemplating its conversion into a Company, should consider limited liability fairly in all its aspects. *The same business considerations apply to a Company as to a private trading concern.* This is very trite, but appears to be overlooked in discussing the question.

The management of a Company must be no less vigilant—rather more so—than the management of a private business or partnership. The working out and superintendence of details are as vital to a Company's existence as they are to an ordinary partnership.

Do not let a man assume that his business is too small to be worked under the Companies Acts. The advantages they confer were intended as much for the "little man" as for the large capitalist. A glance at the report by the Board of Trade, and laid before Parliament, sufficiently illustrates this point:—

Freeman's, Lim., was formed to take over a small baker and confectionery business, for which £90 was paid, including £10 for goodwill.

Win. Dunham, Lim., was formed to take over a business for the manufacture of lead seals, the total purchase money being £250, and the plant and stock being subsequently sold under an execution for a net amount of £8 2s. 6d.

Butlin's, Lim., was formed to acquire a shoe manufacturing business for £200, paid in shares as consideration, which formed the only capital of the Company.

Herman and Co, Lim., took over a provision business, which was then insolvent, at the price of £100.

As the Inspector-General of Joint Stock Companies observes, "These are extreme cases." His opinion on the whole of the Companies which come under his notice,

as expressed in his report laid before Parliament in 1900, is that "no business appears to be too small for conversion into a Company."

This is a most important fact to realise. It comes from one who virtually acts as Censor of Limited Companies, and who can survey the vast plain of our commerce and see all its fertility and barrenness. It is a fact that is by no means sufficiently appreciated, it deserves very special emphasis. If it were sufficiently appreciated, it would receive a much wider recognition than it does at the present moment.

The man with a small business, patent, or article for sale is many a time at a loss as to the best course for getting his patent or article on the market. The man who wishes to extend his business, or entrust it to other members of his family to carry on, is in the same difficulty.

Limited liability is the only safe course; also in the amalgamation of businesses of the same class by way of a syndicate, whereby the cost of management is reduced, and also the costs of production, whilst a unity of business policy is secured.

Borrowing on debentures and on better terms is facilitated. One note of warning it is necessary to utter in this connection:—A man with a profitable business at his back ought to take great care not to pool it with a number of bad businesses. Ordinary business care and inspection of books will easily safeguard him against the consequences of any such unfortunate arrangements.

THE MODERN DICK WHITTINGTON.

With all that has been said and written in recent years on the education and equipment of youth for his fight in commercial life, it is to be lamented that little or no attention has been paid to the question of how far his task could be lightened and made more simple by a knowledge of the advantages of limited liability, and the working of the joint stock system. The Companies Acts provide the young Dick Whittington of to-day with short-cuts to the summit of ambition. They enable him to commence business with the assistance and capital of

friends and to provide for the increasing of his capital as his business requirements necessitate and warrant. "The democratisation of capitalism and the power of uniting the small subscriptions of a large number of comparatively poor investors for the purpose of exploiting an industry, has given an elasticity to the supply of money for individual purposes which was undreamt of before the Limited Liability Acts brought joint stock enterprise within the reach of anyone who had saved a five-pound note or less."

HOW CAN I FORM MY BUSINESS INTO A COMPANY?

This is a question, no doubt, many business men have asked themselves and it is for this purpose we have provided the foregoing information.

The professional Promoter, as we have before stated, is vanishing, and the public investor has been educated to realise that he is not a necessity, and that if a business is good enough to be offered for public subscription it is good enough for the owner to promote himself. This course would perhaps be dangerous without technical assistance, and to render that assistance is our sphere of usefulness. It is our business to make ourselves acquainted with the details of the limited liability system, and we can experience but little competition by reason of the fact that there are but few who have had the opportunity of acquiring the requisite varied knowledge and experience. It takes considerable time and requires much experience to master the rudimentary tactics to be adopted in the successful issue of a Company. Each business requires to be handled on its merits, and provisions are necessary to be made and questions dealt with which mostly differ in each case. There is no royal road. We have seen appeals issued to the public of good businesses which might have been very successfully handled, but which have not been successes owing to their being handled by incompetent and inexperienced advisors.

EVERY BUSINESS MAN SHOULD LIMIT HIS LIABILITY.

We advocate this course because we are convinced that when there is universal limitation of liability it will be for the benefit of the commercial community, and for the progress of British trade.

THE ASSISTANCE OF SPECIALISTS SHOULD BE SOUGHT WHENEVER OBTAINABLE.

Whether it be in the conversion of a business into a Private or Public Company, it requires to be properly done. It is no use trading with the word "limited," if in the course of time you suddenly find your liabilities are not limited owing to the conversion having been arranged by those inexperienced.

To get the most efficient result it is always the best to seek the assistance of those who specialise, and who in consequence are familiar with every phase of the subject. In the advertisement pages of this book will be found the announcements of a firm who are prepared to contract for the conversion of businesses into Private or Public Companies at an inclusive charge.

STATISTICAL.

Figures which clearly demonstrate that the advantages of limited liability are being more and more appreciated as they become better known.

New Companies Registered in England (excluding Scotland and Ireland) 10 years

from 1864 to 1874 inclusive	...	7,277
1875 to 1884	„	10,987
1885 to 1894	„	21,392
1895 to 1904	„	39,390

Total number of concerns limited in

40 years	...	...	...	79,046
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The following table conclusively shews that the Acts are being greatly applied to the smaller concerns.

The average total nominal share capitals of Companies registered in England were as follows :—

Year.				Average authorised Capital of each Company.
1864	...	...	...	£248,185
1884	...	...	...	91,285
1889	...	...	...	88,908
1900	...	...	...	45,870
1904	...	...	...	24,127

The average paid up and credited paid up capitals of the new Companies registered in 1904 in £'s was £7,523 only. This is a further evidence that the majority of Companies are small.

COMPANIES REGISTERED IN 1904.

Private	...	...	...	...	...	3,069
Public...	...	...	...	...	...	299
Not Classified	...	...	...	...	...	110

Total new Companies registered in 1904 ... 3,478

During the six months ending June 30th, 1900, 415 private or family Companies were registered. Among these, three Companies had an authorised capital of only £100, three £500, twenty-one £1,000, thirty-eight £2,000, seventeen £3,000, five £4,000, and forty-six £5,000. The following table gives the number of shareholders who held the bulk of the shares in these 415 Companies :—

Bulk of Shares held by				Percentage of private or family Companies.
1 shareholder (one-man Companies)				7'95
2 shareholders	...	...	...	12'90
3 "	...	...	...	15'29
4 "	...	...	...	8'89
5 "	...	...	...	6'11
6 "	...	...	...	7'95
7 "	...	...	...	9'17
8 "	...	...	...	6'72

Bulk of Shares held by			Percentage of private or family Companies.	
9 shareholders	...	...	...	5·81
10 „	...	...	...	5·81
11 „	...	...	...	3·97
12 „	...	...	...	1·22
13 „	...	...	...	2·14
14 „	...	...	...	2·14
15 „	...	...	...	·30
16 „	...	...	...	·61
Over 16 „	...	...	...	3·05

It will be observed that the greatest class number are those Companies in which three people only are mainly interested.

Of the 2,468 Companies registered in 1890, the largest class number had authorised capitals of under £2,500.

Authorised Capital.		Total new Companies registered in 1890.		
£2,500 and under				411
Exceeding £2,500 and not exceeding £5,000				367
„ £5,000	„ „ „	£10,000		345
„ £10,000	„ „ „	£20,000		284
„ £20,000	„ „ „	£50,000		400
„ £50,000	„ „ „	£100,000		304
„ £100,000	„ „ „	£250,000		217
„ £250,000	„ „ „	£500,000		78
„ £500,000				63
				2,468

COMPANIES REGISTERED DURING 1905.

January to June...	...	...	...	2,509
July to December	...	...	...	2,615
Total for 1905	...	...	...	5,205

Further information is not available at the time of going to press.

A FEW DEMONSTRATIONS OF THE NUMEROUS ADVANTAGES OF LIMITED LIABILITY.

In the elucidation of matters of this kind there is no method to compare with that of the example, and accordingly we append the following:—

1. Where a person has, say, a sum of £4,000 invested in his business, and has also another sum of £2,000 invested in house property, or some other remunerative investment, and is desirous of freeing the private investment from the business risks, he can only effect this end by limiting his liability.

2. Where there are several members trading as a firm, and all have arranged a private income which they are desirous to have entirely freed from the risks of the business, they can do so by converting the business into a private Limited Company, and apportioning the interests by substituting fully paid shares in lieu of their previous holdings in the business. Thus a partner who previously had an eighth part in the firm would have allotted to him fully paid up shares representing an eighth part of the capital of the Company. By this method all his income or assets not connected with the business would be absolutely freed from all danger.

3. Where a business of a speculative but profitable nature is being carried on, and the owners can, or have, saved from the profits, and desire to ensure these savings

from all risks, the firm should then be converted into a private Company with limited liability, and thus the savings would be absolutely freed from the hazards of the business.

4. Again, where a firm consists of several partners and any one of the partners has accumulated sufficient to retire upon, and is desirous of withdrawing from the business, he can do so by leaving the whole or any part of his capital in the business, and practically remain a sleeping partner, but with the great advantage of being absolutely liberated from all liability. This can be accomplished by converting the business into a private Limited Liability Company.

5. The above examples would also be applicable where an individual carrying on business wished to retire therefrom. He could give his managers an interest, let them continue the business, and still retain his interest, but with the advantage of limited liability.

6. Where an individual has a business, and desires to leave it to be carried on for the benefit of his children or others, and none of his children are able or inclined to manage the business entirely, and he desires to appoint trustees, but is unable to secure anyone willing to fulfil an office upon such hazards and responsibilities, if carried on with unlimited liability, he can obviate the difficulty by converting the business into a private Limited Liability Company, taking fully paid up shares in exchange for it, and leaving these shares either in trust for, or transferring them to his children, etc.

7. A firm having a greater scope for the employment of money than its present capital will allow, and desiring to obtain additional capital, might, in all probability, provided they grant a share of the profits, obtain the required amount from relatives, friends, or others, but the latter would fear to incur the responsibilities and liabilities attached to a partnership. This obstacle, however, can be overcome by the conversion of the business into a private Company with limited liability, thus allowing them to join in the business with immunity from the risks and liabilities of a partner, to take up shares in the amount agreed upon and pay for them in cash (some-

times fully paid bonus vendors' shares are given in addition). They could also obtain an additional advantage (as well as limitation) by stipulating that they are entitled to seats on the Board of Directors.

8. Another example often acted upon is where a partnership or individual is trading and owns several ships. By the misfortune or misconduct of his employees he runs the risk of being thrown into costly litigation and personal liabilities which are sometimes of a very serious nature, such as those arising from loss of life, collisions, fire, wrecks, bad markets, etc. To reduce the risks of these liabilities he places upon each ship the liabilities incurred by it, and by these means runs each ship under limited liability. A large number of single ship companies have recently come into existence thus proving the advantages derived from the adoption of this method.

9. Oftentimes a firm has a valuable business, but owing to some serious misfortune is placed in a tight corner and obliged to meet its principal creditors and explain its position. (By the way, firms too often allow judgments and executions to be obtained and rained upon them when, at the outset, they should have recourse to the above step before matters become irremediable.) Creditors do not gain by bankruptcy, which is an expensive process; on the contrary they generally lose. Bankruptcy is disastrous to all concerned, especially to creditors and proprietors. The far wiser and more advantageous method would be to convert the concern into a private Limited Liability Company, and create First Mortgage Debentures secured on the whole of the assets to the amount of the creditors' claims, and allot to each creditor a debenture for the amount due to him. By these means the creditors would obtain an absolute charge over the firm's assets, and in all probability it would be able to weather the storm and eventually repay the debentures. Thus, the firm would be safe and the creditors would get their money, with the satisfaction of knowing they had saved the firm from bankruptcy, and the probability of reaping the benefit of further trade relations. The above method could also be well adopted

where a firm has a stock, the realization of which would mean a heavy and serious loss.

10. Where A has a business which pays fairly well, yet is not as remunerative as it should be, owing to the competition of B, who is cutting prices. A, in order to retain custom, has to do likewise. A cannot afford to buy up B, but he is able to arrange with B for a private Limited Liability Company to be formed, and thus abandon ruinous competition, to their permanent mutual benefit.

11. A, B, and C conceive an idea that a tramway, hotel, theatre, swimming bath, or other business would pay, but the cost of establishing the same, being far beyond their means, prevents them from carrying their ideas into execution, since it would necessitate a vast expenditure, and mean the formation of a large company, to be publicly issued, the expenses of which would be considerably more than they would feel disposed to incur. To overcome this difficulty they could form a private company, limiting their liability with a nominal capital to be subscribed, to provide for the initial expenditure, and, perhaps, pay a small sum for an option on the property. These small companies are generally subscribed to by a few friends, who are favourably inclined towards the speculation.

12. Should a father be desirous of placing his son in business and financing him, yet, at the same time not feel disposed to give him entire control, and not desiring a partnership, owing to the unlimited liability which he (the father) might incur, he can obviate this danger by the conversion of the business into a private Limited Company, electing his son Managing Director, and becoming another Director himself, and secure himself by advancing his money on security of debentures,

It thus appears that the conversion of a business into a Limited Company, whether public or private, secures the following advantages:—

1. The liability of the proprietors of the business is limited to the amount unpaid on their shares, and by

issuing the shares as fully paid, personal liability may be avoided entirely.

2. In cases of partnership, each partner's interest is clearly defined and his liability absolutely limited, and he does not incur the heavy responsibilities and risks which the Partnership Act involves.

3. Where additional capital is required it can be more readily obtained without disturbing the working arrangements of the business, and, where desirable, without having new partners, as it can be raised by the simple process of issuing additional shares. The mode of issue will be regulated by the Articles.

4. The Company enjoys special advantages for borrowing money in its power to offer Debentures.

5. Insolvency results only in the winding up of the Company, and does not, as in an ordinary business, involve the bankruptcy of the proprietors.

6. No difficulty is experienced upon a change in the personnel of the business. There is simply a transfer of shares and appointment of new Directors, but the property of the Company and its regulations are not touched. All this is different in the case of a partnership, every change in the partners having to be made a matter of special arrangement.

7. The retirement of a partner or principal can be easily arranged without disturbing the working arrangements already in existence.

8. Facility for transferring interests in a limited liability concern. In ordinary partnerships, in nine cases out of ten, the widow or legatees lose greatly by the partnership being dissolved, whereas under limited liability the interests in a business can be bequeathed in whatever manner desired.

9. The business can be conveniently disposed of on the death of the proprietor, by dividing the shares among his family.

10. Where desirable, a co-operative principle can be easily arranged, so that the beneficiaries are not at the mercy of the remaining partners, and, where desired, managers, employees, or customers can acquire an interest in the concern.

11. There is no disturbance in case of death.

12. A person can be interested in several different businesses simultaneously, and his liability limited in each one.

13. Savings can be invested free from the elements of risk to which business men are always liable.

14. There is no necessity for publicity in ordinary business transactions.

This list may not be exhaustive, but it gives a fair idea of the practical advantages to be derived from the conversion of a business into a Limited Company, and it will be seen that, for all ordinary cases, the reasons in favour of conversion are overwhelming. In fact, a business man cannot afford to neglect the benefits which the Companies Acts offer him.

For many years the possibility of applying the Acts to private businesses was not perceived.

Such application has now become an accomplished fact, and the principle of limited liability, with the numerous incidental advantages just specified, has, indirectly, indeed, but none the less surely, been established.

At the present time it may safely be said that trading by Limited Companies holds the field for small, as well as for large businesses.

COMPANY NOTES.

THERE are an immense number of Limited Companies which conduct all kinds of businesses and trade in Foreign Countries, viz., banks, breweries, commercial companies, gas companies, iron and coal companies, mining companies, telephone companies, tramway companies, water companies, foreign railway companies. These represent an authorised Capital of at least £120,000,000, of which over £60,000,000 has been paid up all quoted on the London Stock Exchange List (on 15th February, 1895).—CHAIRMAN OF COMMITTEE OF LONDON STOCK EXCHANGE.

Germans have recognised the advantages of limited liability, and a special Act came into force on the 10th May, 1892, regulating limited liability partnerships. Mr. E. J. Schuster remarks that notwithstanding the short time since which the Act has been in force, extensive use has been made of its provisions. There were formed under it—

In 1892,	63	partnerships	with	total	capital	of	£1,464,000
1893,	183	„	„	„	„	„	£3,725,000
1894,	238	„	„	„	„	„	£5,358,000

In 1869, a company was registered with an authorised capital of £100,000,000, but its paid up capital never appears to have exceeded £100.

During the year of 1904 the fees and capital duty received in connection with the registration, etc., of Limited Companies in the United Kingdom amounted £385,510.

In consequence part of the facilities which exist for the formation of companies in this country, a vast amount of Foreign enterprise and Foreign business comes to England.

According to a report of the Board of Trade, there were in the United Kingdom, in April, 1894, 18,361 companies with a paid up Capital of £1,035,029,835, whereas the Capital of all Companies in France, anonymes and en commandite, was in Dec., 1894, calculated approximately at £420,000,000. The Capital of German Companies was estimated by Mr. Gerb of H. M. Consulate in Berlin at £200,000,000, but Mr. Schuster puts it at £300,000,000. The Capital embarked in English Companies therefore exceeds that represented by French and German Companies together by at least £315,000,000.

There is no limit to the value of the shares, but each subscriber must, under the present Act, take at least one.—MR. J. S. PURCELL, 2nd Feb., 1895.

The Act places no limit on the denominational value of shares into which the Capital is to be divided, but merely enacts that they must be of "a certain fixed amount."

Since 1872 about 30,000 Companies have been formed in the State of Illinois, with capital and stocks ranging from \$500 to \$200,000,000.

It sometimes happens that the subscribers witness the signatures of each other. Aliens, marksmen (*i.e.*, persons who cannot write), and married women are accepted, but it is usual where firms or Companies subscribe to require that at least seven individuals should sign in addition. I do not, of course, know whether "the persons" are of full age; but even if I knew they were not, I do feel that I should be justified in refusing to accept their signatures as sufficient under the law as it at present stands.

On the 30th April, 1905, there were over 19,000 Companies on the register, and 779 only had their shares quoted on the Stock Exchange. No doubt a large number of others were quoted on the Stock Exchanges in the provinces and Scotland and Ireland, but the returns of the Registrar of Joint Stock Companies show that two-fifths of the Companies registered under the Acts are London Companies, and have their registered office in the London district, whilst many of the 799 Companies in question are also not London Companies.

It is a curious fact that the new registrations of small Companies far exceed that of the larger public Companies, for which latter no doubt the Acts were originally intended. The *Law Journal*, in dealing with the subject, and the registration of Companies, remarks: "It is significant that, while the big Companies show a steady decline, from 1,165 in 1895, to 415 in 1904, the small Companies have steadily risen from 1,227 in 1895 to close on 2,000 in 1904," and further goes on to remark: "What does this growth of small Companies indicate? An appreciation, surely, of the advantages of Incorporation, not so much for raising large capitals as for trading in private partnership with limited liability."

I have in my mind's eye now the case of a Company which came in as a private Company, a family Company, in 1899, with 12 members, and from the next return that I got in 1900 I found that they had 872 members. They did not appeal to the public by way of a Prospectus in any shape or form. Then I have another Company in my mind, purely a family Company, which came in in 1876 with 50 members; they were members of the family or immediate friends or employees; in 1886, without appealing to the public by way of a Prospectus, that Company consisted of 150 members and it now consists of 750 members.—MR. J. S. PURCELL, C.B.

LORD JAMES OF HEREFORD. Ques.: I suppose you cannot trace, can you, in what way the growth of capital

was obtained, whether by public advertisement, or by private application?

MR. J. S. PURCELL, C.B. Ans. : Not in all these cases ; but I know of a good many cases where they have not gone to the public by way of Prospectus, but have let the shares out to their friends or customers.

I referred to the figures given by Mr. Purcell in his evidence before your lordship, showing how great the magnitude of these Joint Stock Companies is. Mr. Purcell, speaking of the Joint Stock Companies which annually make a return to Somerset House, and, therefore, must be living Companies, says that their capital amounts to no less than £1,000,000,000 sterling . . . and I calculated the Debenture Capital would, in moderation, amount to about one-third of that, between one-third and a little more than one-third ; it ought to have been between £300,000,000 and £400,000,000 ; therefore we shall probably have an aggregate capital which is involved in these Joint Stock Companies of something like £1,300,000,000 sterling.

I have had an opportunity of reading what I think is an important piece of evidence, the report of Mr. Smith, the annual report of the Board of Trade, which deals with the cases of Companies which are wound up during the year, and which goes into general detail, showing the reasons which Mr. Smith thinks have caused the failures of such Companies. I think if your lordship looks at that evidence alone, you must be very much struck by the fact that, although undoubtedly there are cases of fraud and cases of hardship, they are so insignificant and so infinitesimal compared with this gigantic capital which I have just mentioned to your lordship of £1,300,000,000 sterling employed in Joint Stock Companies, that it hardly seems a sufficient reason for interfering with the course of business which has been built up so satisfactorily during the last 35 years, and what has no doubt enormously added to the commercial greatness of the country.—Mr. STANLEY BOULTER.

The Memorandum of Association is rarely signed by any real promoter or by any person who intends to take any interest in the Company, but a Company is usually formed by a Memorandum signed by seven "dummies" who take one share of £1 each. This is a perfectly well recognised practice, which is followed in absolute good faith, deceives nobody, and has some conveniences if regarded from the point of view of affording facilities for the formation of Companies.

One or more persons, less than seven, may form a Company and trade with Limited Liability and immunity from the Bankruptcy Law, by procuring a Memorandum to be signed by seven clerks and maintaining that number of dummy shareholders on the Register.

The Departmental Committee of the Board of Trade were referred to an advertisement "by an enterprising firm offering to turn a person into a corporation with limited liability for a modest fee and pointing out the advantages of the proceeding." We presume the firm referred to was our own.

Some of the information and figures given in this book are extracted from various Governmental reports.

A case is recorded by the Registrar of a Company registered in January, 1891, whose capital of £1,000 was divided into 9,600,000 shares of one farthing each, and the total subscribed capital was one penny three farthings.

A case of some importance to English firms trading in Italy has just been decided. The Linotype Company of London had appointed a Milanese firm as their representatives for Italy, and as depositaries of their machines. Being compelled afterwards to annul the contract the Company sent here a special English representative, but the former agents appealed to the Court of Justice against the Company's decision, meanwhile seizing all the machines. The Court gave judgment against the Milanese firm, who thereupon appealed to the Supreme Court.

The latter pronounced judgment yesterday upholding the decision of the lower court. This decides the question whether foreign Companies may apply to Italian Courts of Justice without having previously registered in this country their Articles of Association. The Supreme Court acknowledged the competence of the Linotype Company to sue in Italy, and condemned the Milanese firm to pay damages and costs.—*Daily Telegraph*.

ALL THAT EVERY COMPANY HAS TO DO.

EVERY Company must hold a General Meeting of its members within a period of not less than one month nor more than three months from the date at which such Company is entitled to commence business, and must also hold a General Meeting of its members once at least in every subsequent year. Minutes of any resolutions or proceedings at these Meetings, and at Meetings of its Directors or Managers, must be recorded in a book or books.

The above is all that a Company is bound to do except in special cases. For instance if a Company increases its capital it must be done in a proper manner, and a printed copy of the resolutions filed, but as we are desirous of not confusing the reader, we do not attempt to deal with the whole working of the Companies Acts in these pages.

BOOKS WHICH MUST BE KEPT BY A COMPANY.

REGISTER OF MEMBERS containing names, addresses and occupation (if any) of the members of the Company, with a statement of the shares held by each member, distinguishing each share by its number and the amount paid, agreed to be paid, or considered as paid on the shares of each member, and the date at which the name of any person was entered in the register as a member, and the date at which any person ceased to be a member.

REGISTER OF MORTGAGES.—Every Limited Company must keep this book, and enter therein particulars of any

mortgages or charges affecting the property of the Company, together with a short description of the property so mortgaged or charged with the amount of the charge created, and the names of the persons entitled to such charge.

MINUTE BOOK wherein must be recorded resolutions and proceedings of Meetings of Directors and shareholders.

REGISTER OF DIRECTORS OR MANAGERS wherein must be kept a list of the names, addresses and occupations of the Directors.

DOCUMENTS TO BE FILED.

As there seems to be some misapprehension in regard to the question of the filing of copies of Balance Sheets, it may be as well to state that Companies registered under the Companies Acts, 1862 to 1900, are not required by law to file any balance sheet or account of their business operations. Indeed, a Company is not bound to issue to its members a copy of its balance sheet unless its regulations provide to the contrary.

The only documents required to be filed with the Registrar of Joint Stock Companies after a private Company has been Incorporated are—

1. The Summary of Capital and Members.
2. A copy of the Register of Directors.
3. Returns of Allotment.
4. Copy of report issued to shareholders before Statutory Meeting.
5. Particulars of mortgages or charges (if any).
6. Notice of situation of registered office.

All these documents are simple forms and no possible objection can be raised to their filing.

The summary of capital and members has to be filed after the statutory meeting and subsequently once a year after the annual meeting. The authorised form is supplied printed ready for filling in the required

particulars which are—(a) the authorised Capital of the Company and the number of shares into which it is divided; (b) the number of shares taken up from the commencement of the Company down to the date of the summary; (c) the amount paid or credited as paid on shares issued other than for cash; (d) the amount of calls made on each share; (e) the total amount of calls received; (f) the total amount of calls unpaid; (g) the total amount of shares forfeited; (h) the total amount of debt due by the Company in respect to mortgages or charges created requiring registration under the Act; (i) names, addresses, and occupations of the members of the Company, and the number of shares held by each of them; (j) names, addresses, and occupations of persons who have ceased to be members since the previous return was made; (k) particulars of the number of shares transferred, and the date of transfer; (l) the names and addresses of the persons who are Directors of the Company at the date of the summary.

The copy of the Register of Directors is merely a list of Directors.

The Return of Allotments must be filled within one month after the date when any Company limited by shares makes any allotment of its shares. It should be made on the authorised form, stating the number and nominal amount of the shares comprised in the allotment, the names, addresses, and descriptions of the allottees, and the amount (if any) paid or due and payable on each share with particulars of shares allotted in whole or in part for a consideration other than cash.

The Report must be issued to every member of the Company, and must be certified by not less than two Directors of the Company, or where there are less than two Directors, by the sole Director and Manager. It must state:—(a) the total number of shares allotted, distinguishing shares allotted as fully or partly paid up otherwise than in cash, and stating, in the case of shares partly paid up, the extent to which they are so paid up, and in either case the consideration for which they have been allotted.

(b) The total amount of cash received by the Company in respect of such shares, distinguished as aforesaid ; (c) an abstract of the receipts and payment of the Company on Capital account to the date of the report, and an account or estimate of the preliminary expenses of the Company ; (d) the names, addresses, and descriptions of the Directors, auditors (if any) manager (if any), and secretary of the Company, and (e) the particulars of any contract, the modification of which is to be submitted to the meeting for its approval, together with the particulars of the modification or proposed modification. If an auditor or auditors have already been appointed the report must, so far as it relates to the shares allotted by the Company, and to cash received in respect to such shares, and to the receipts and payments of the Company on Capital account, be certified as correct by him or them.

The mortgages or charges required to be presented to the Registrar within 21 days after the date of creation for registration are either—(a) a mortgage or charge for the purpose of securing any issue of Debentures ; or (b) a mortgage or charge on uncalled Capital of the Company ; or (c) a mortgage or charge created or evidenced by an instrument which, if executed by an individual, would require registration as a Bill of Sale ; or (d) a floating charge on the undertaking or the property of the Company.

There are special rules relating to a series of Debentures.

The above-mentioned requirements, on paper, may, to the uninitiated, appear formidable, but they really are very simple. Printed forms are supplied for each, leaving the particulars only to be filled in.

In regard to a Public Company, after it has been Incorporated, in addition to the complying with the above requirements it must (a) file a printed copy of its Prospectus signed by each of the Directors mentioned thereon ; (b) file the contracts of the Directors to take their qualification shares (if any), but this is not necessary where the Directors have signed the Memorandum of Association for at least the amount of their quali-

fication (if any), nor does it apply to a Company issuing a Prospectus after the expiration of one year from the date it was entitled to commence business; (c) file with the Registrar a Statutory Declaration by the Secretary or one of the Directors, in the prescribed form, that shares subject to payment in full in cash have been allotted to an amount of not less than the minimum subscription, and that every Director of the Company has paid to the Company on each of the shares taken, or contracted to be taken by him, for which he is liable to pay in cash, a proportion equal to the proportion payable on application and allotment on the shares offered for public subscription.

Every Limited Company must affix the word "Limited" at the end of its name.

Every Company must be provided with a Common Seal on which it must have "its name engraved in legible characters."

In case of shares allotted in whole or in part for a consideration other than cash, the Company must within one month thereafter file a contract in writing constituting the title of the allottee to such allotment, together with any contract of sale, or for services or other consideration in respect of which such allotment was made, such contract being duly stamped.

Every Company must appoint an auditor, or auditors, at each annual meeting. The Directors have power to appoint the first Auditor or Auditors if they elect to do so before the statutory meeting or to fill any casual vacancy.

APPLICATION FOR SHARES.

It is always advisable to get a written application for shares, and the following form may be found useful:—

To the Directors of

No.....

X.Y.Z., Limited.

Gentlemen,

Having paid to you the sum of £..... being a deposit of £..... per share on [Ordinary] Shares of [£1] each in the above Company, I [we] request you to allot me [us] that number of [Ordinary] Shares upon the terms of the Company's Memorandum and Articles of Association [and Prospectus dated

the first day of January, 1906], and I [we] hereby agree to accept the same or any smaller number that may be allotted to me [us], and to pay the balance of per share [as provided by the said Prospectus, namely per share on allotment and the balance in calls of not exceeding per share, one month's notice at least to be given of each call].

Signature

Name in full

Address

Description..... Dated.....190 .

.....
Here attach form of receipt.

ALLOTMENT.

Whenever an allotment is made a notice thereof should be forthwith sent to the applicant, impressed with a rd. stamp, where the nominal amount of the shares allotted is under £5, and 6d. if over that amount. The following form may be found useful:—

No.....

X.Y.Z, Limited.

ALLOTMENT LETTER.

..... 190 .

Dear Sir [Madam],

I am instructed by my Directors to inform you that in compliance with your application for [Ordinary] Shares of [£1] each in the above Company, the Directors have allotted to you [Ordinary] Shares.

The total amount payable on application

and allotment is £

The amount you have already paid on

application is £.....

Leaving a balance due from you of ... £.....

Which kindly forward to the Company's Bankers, with this form, when the attached receipt will be forwarded to you.

By order of the Board,

J. BLANK,

Secretary.

.....
Here attach form of receipt.

HOW TO RECORD MINUTES OF DIRECTORS' MEETINGS.

The following short paragraphs may serve as a useful guide as to the manner in which Minutes should be entered:—

Minutes of the First Meeting of the Directors of the X.Y.Z. Company, held at 25, Blank Street, London, E.C., on Tuesday, the First day of January, 190 , at 12 o'clock noon.

[To obviate any dispute as to who were present it is advisable to get the Directors to sign either the minute book at the meeting or a Directors' attendance book to be kept for the express purpose.]

Present: X.Y.Y.,
W.T.V.
S.M.R.,
Mr. Y., [and the Secretary.]

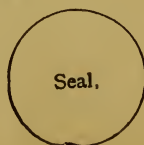
Certificate. The Certificate of Incorporation, No. was produced and examined. (The Secretary produced the Certificate of Incorporation, No.)

Chairman. It was resolved that Mr. be and is hereby appointed Chairman of the Board of Directors until otherwise determined [*pro. tem.* or for this meeting.]

New Director. Mr. reported that Mr. of, had expressed his willingness to join the Board of Directors, and it was resolved that Mr. be and is hereby elected a Director of the Company in accordance with the power of the Directors contained in Article of the Company's Articles of Association. Mr. being present thereupon took his seat [and the Secretary was instructed to send Mr. Notice thereof.]

Secretary. It was resolved that Mr. be, and is hereby appointed Secretary to the Company [*pro tem*] at a salary of £..... One month's notice on either side to terminate the engagement. It was further resolved that a letter be sent Mr. embodying a copy of this resolution.

Seal. It was resolved that the following impression be, and is hereby adopted as the Common Seal of the Company. [It was further resolved that of the four keys to the locks on the seal, one should be held by each of the Directors, so that the seal cannot be opened except in the presence of two Directors.]



- Bankers.** It is resolved that an account be opened in the name of the Company with the X X X Bank, Limited, and that they be, and are hereby authorised to honor all cheques, bills, drafts and other documents signed by any two Directors [the Managing Director] and countersigned by the Secretary. It was further resolved that the Secretary be, and is hereby instructed to send a copy of these resolutions to the Bankers forthwith together with a specimen of the signatures of the Directors.
- Auditor.** It was resolved that Mr., of, be, and is hereby appointed Auditor to the Company at a remuneration of £..... per annum. The Secretary was instructed to write to Mr. informing him thereof, and asking him for his acceptance.
- Solicitor.** It was resolved that Mr., of, be, and is hereby appointed Solicitor to the Company.
- Agreement to Purchase.** The draft agreement between, the Vendor and this Company, was presented, perused and discussed and ordered to be engrossed. The engrossment of the draft agreement as mentioned in clause 3, sub-clause (a) of the Memorandum of Association, was produced and read, and it was resolved that it be executed and that the Company's seal be forthwith affixed thereto, together with the signatures of two of the Directors countersigned by the Secretary, which was accordingly done.
- Prospectus.** A proof of the Prospectus [Proof No. 1] was presented, read and discussed and it was resolved that the Director's signatures be forthwith attached thereto and that it be dated the inst. The Secretary was instructed to file the signed copy with the Registrar before the date thereon and it was resolved that the Secretary be and is hereby authorised to instruct the printers to print 50,000 copies, together with application forms, etc.
- Agreement.** The Agreement between and this Company having been prepared and engrossed as ordered at the previous meeting, it was resolved that the same be executed, etc.
The question of entering into an Agreement with Mr. was discussed, and it was resolved that the Solicitors be instructed to draft an

Agreement embodying the terms agreed on, and that Messrs. be and are hereby appointed a Committee to settle and execute the Agreement on behalf of the Company. The counterpart of the Agreement ordered to be settled and executed by a Committee at the previous meeting was produced, read, and approved, and it was resolved that the action of the Committee be and is hereby confirmed.

Minutes. The Minutes of the previous meeting held on the inst., were read, approved, and confirmed.

Allotment. Applications having been received for shares as hereunder set forth, it was resolved that they be and are hereby allotted in full, and that the Secretary be and is hereby instructed to send to each applicant an allotment letter forthwith.

No. of Shares applied for.	Class of Share.	Distinguishing Nos.	Name, Address, and Occupation.
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The application and allotment book was produced showing that shares had been applied for by applicants since the last meeting. It was resolved that the shares applied for be allotted in full in accordance with the particulars set out in the application book, and the Secretary, etc. . . . The Chairman thereupon affixed his signature to the allotment book under the list above referred to. The distinctive numbers of the total shares allotted to date being from 8005 to 9006 inclusive.

A letter received from the Vendor requesting the allotment of the shares due under his agreement with the Company and nominating certain persons was produced and read, and it was resolved that in accordance therewith the following shares be and are hereby allotted credited as fully paid up, and that the Secretary be and is hereby instructed to file the contract in regard thereto with the Registrar forthwith.

No. of Shares.	Class.	Distinctive Nos.	Name, Address, and Occupation.
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Cheques.	It was resolved that the following cheques be authorised to be drawn :— The following cheques having been drawn since the last meeting the same were approved :—
Pass Book.	The Pass Book was produced and examined showing a credit balance of £..... which was found to be correct.
Cash Book.	The Cash Book was produced, and the amounts received and paid as therein stated from 1st January to 31st March, 1906, were examined and approved, and the pages were initialled by two Directors.
Accountants.	It was resolved that the Secretary be instructed to prepare a book ready for each meeting of the Directors wherein must be entered the Bank Balance at the previous meeting, the amounts received since, and amounts paid and the present balance, also an approximate account of liabilities and of book debts and assets.
Finance Committee.	It was resolved that Messrs. be and are hereby appointed as Finance Committee for the express purpose of

It is customary for the Secretary to prepare an Agenda of the business to be discussed at a Board Meeting, and for the Chairman of the meeting to make notes of the result of discussion against each subject. The Secretary then prepares the Minutes therefrom. In large Companies it is the practice for the Secretary to draft the Minutes and to submit the draft to the Chairman for approval before entering them in the Minute Book. Minutes once entered in a Minute Book and signed should never be revised or altered except by resolutions subsequently passed. The greatest care should be exercised in keeping Minute Books, and they should always be placed in safety. Never extract a page from a Minute Book, or destroy or in any way tamper with the contents.

NOTE.—There are so many matters which might be dealt with at Directors' Meetings, and Boards have so many different ways of conducting business that it is not practicable to give any set resolutions, but it is hoped

that those which we have given may serve as a guide to those who have had no previous experience in Company Meetings. Of course much depends on the size of a Company, the nature and dimensions of its business, and the number constituting the Board, but we shall be happy to render any assistance to any Companies and give the benefit of our experience in these matters.

DISTINCTION BETWEEN COMPANY AND CORPORATION.

COMPANY is one of the many words used to denote the association of individuals in the pursuit of some common purpose. Partnership, union, society, club, corporation, syndicate and Company, all have this shade of meaning in common, although literally they differ from each other in many particulars. Corporation applies only to an association which has been endowed with a fictitious personality, enabling it to sue and be sued, to acquire rights and incur obligations, without the individual members thereof being implicated. Company, on the other hand, may be used generally to describe almost any kind of association. In practice, however, it is confined to two classes of associations. The first are those Joint Stock Companies whose vast proportions and wide ramifications are among the most striking features of modern industrial life. The other are the livery or city Companies, which still retain the names and the constitution while they have long abandoned the objects of the guilds of the middle ages.

The term corporation is now applied to almost any description of Company, and in such cases has the same meaning as the word Company, but where applied in the title of a community such as the City of London Corporation, its meaning is different. Syndicate—this term serves and in some cases is now used to distinguish the association as being one of temporary character, but

in several instances Companies have still retained the title although long since passed from that stage. The terms Company, Corporation, Syndicate and Association where used in connection with limited Companies may be taken as synonymous.

ANCIENT AND MODERN CHARTERED COMPANIES.

Chartered Companies in past times played a great part in the development of foreign trade and Imperial expansion, and have of late years been incorporated for similar purposes but under largely altered conditions. The origin of Chartered Companies is to be found in the mediæval conditions which made it difficult, if not impossible, for the merchants of one country to carry on trade in another without some organisation of their own, recognised alike by their own government and the rulers of the country where the trade was carried on. In Tudor times the necessity for such organisations to open out and maintain new fields of trade with distant countries where the Crown could afford little or no protection made itself even more strongly felt; and in the same period it was realised that by means of these Companies private enterprise might be utilised to enlarge the dominions of the Crown by planting and settling British Colonies in the unoccupied regions of the American continent. The earliest of the Chartered Companies grew out of our relations with the Low Countries. Of the ancient African Chartered Companies the most important was The Royal Africa Company, chartered in 1672. The only one of the old Chartered Companies which still actively survives is the Hudson's Bay Company, which was incorporated by Royal Charter in 1670, under the style of "The Governor and Company of Adventurers of England trading into Hudson's Bay."

The earliest Company where mention is made of shares of a fixed denomination, appears to be the "Merchant Adventurers for the Discovery of Regions, Dominions and Places unknown," which consisted of 240

shares of £25 each. The original Company was formed among Merchants of London, but was dissolved by James the First, who took over the Colony himself. The Honourable East India Company, a name we are all familiar with, received its Charter on the last day of the 16th century. It was then called "The Governor and Company of Merchants of London Trading to the East Indies." Other Companies were afterwards started with the same objects but eventually amalgamated with the original Company. The Company was controlled by a Board of Directors in London, and every shareholder who held £500 of stock was called a Proprietor, and from among the latter the Directors were selected. Six Directors retired every year, and, as a rule, were re-elected.

In Territories not annexed to and incorporated in the King's Dominions, the Crown may exercise power and jurisdiction acquired by treaty, grant, usage, suffrance, or other lawful means, for which there is a new statutory authority in the Foreign Jurisdiction Act, 1890.

In the recent creation of Chartered Companies the Crown makes no grant of any such powers, but has confined itself to recognising or authorising the acquisition by the Company of territory, power, and jurisdiction in places beyond the King's Dominions from the native authorities, coupling this recognition and authority with conditions as to the way in which the powers so acquired should be exercised ; such restrictions are the price paid by the Company for the recognition of the state, without which private individuals or Companies would be unable to acquire rights of sovereignty or jurisdiction permanently binding on the native rulers of the territories in which their operations are carried on ; or valid against other civilised powers, since international law does not reckon with individuals but with States.

RISE OF JOINT STOCK ENTERPRISE.

Commercial Companies are comparatively a modern creation in English Law. The common law appears to have recognised no privileged associations except those

which were incorporated by charter, statute, or prescription. All other associations, no matter what their number or purpose, were mere assemblages of individuals. Each of the members was responsible for all the debts of the association, and all the members had to unite in instituting or defending any process of law. When unincorporated Companies with a joint stock divided into numerous transferable shares began to assume importance, and to force themselves upon the attention of the legislature and judicial departments of the State, the reception they met with was by no means encouraging.

Joint Stock Companies were regarded as nuisances, and the first legislative enactment relating to them (6 Geo. I., c 18, commonly called the Bubble Act) was an attempt to put them down altogether. This attempt was futile, and not withstanding this Act, Joint Stock Companies increased both in numbers and importance. Although wholly powerless to prevent the growth of Joint Stock Companies, the Bubble Act was not repealed until 1825. The Bubble Act is supposed to have been passed in the interests of the famous South Sea Company. From 1825 down to the present time the legislature has endeavoured by various means so to amend the law as to give free scope to a combination of capital, and at the same time to prevent injustice being done either to or by its subscribers. Even at the time when there was such a strong opposition to Joint Stock Companies, they could always apply to the Crown for a Charter of Incorporation. Whether a Charter would be granted or not depended mainly on the opinion which the Officers of the Crown entertained of the proposed objects and constitution of the Company. If a Charter was granted, the Company became a Corporation for all intents and purposes; the members of the Company were rendered personally irresponsible for its debts. In 1834 the Crown was empowered to grant to Companies by letters patent, without incorporation, the privileges of suing and being sued by a public officer. When a Charter could not be obtained, Companies might be incorporated or empowered to plead by public officers, under special Acts of Parliament. In 1826 Banking Companies were allowed to

obtain the privilege of suing by a public officer on complying with certain rules. In 1844 all Companies (with certain exceptions) could obtain a certificate of incorporation without applying for a Charter or a special Act of Parliament. Banking Companies were, however, required to apply to the Crown for a Charter. Members of the Companies thus created were still responsible to the whole extent of their fortune for the debts of the Companies. In the year 1855 the liability of Shareholders was limited by the 18 and 19 Vict., c. 133, which made them responsible only to the extent of their shares, but Companies with this privilege must use the word "limited" after their names. From 1846 to 1850 various measures were introduced enabling different classes of Companies to be wound up, without the usual process by bill to which the Shareholders, as partners, necessarily had to appear. In 1862 a consolidation of the numerous Acts relating to Companies was effected by the Act for the incorporation, regulation, and winding up of trading Companies and other associations.

No doubt the system of "Limited Liability" is very advantageous to traders and business men. Indeed, its advantages are so numerous and becoming so well known and appreciated that one may almost expect in the near future that the majority of business men will conduct their businesses under this system.

The following figures clearly demonstrate that the advantages to be gained from the limitation of liability is being more and more appreciated as it becomes better known.

NEW COMPANIES REGISTERED IN

ENGLAND (INCLUDING SCOTLAND AND IRELAND).

10 years, from 1864 to 1874	...	...	...	7,277
10 " " 1875 to 1884	...	...	...	10,987
10 " " 1885 to 1894	...	...	...	21,392
10 " " 1895 to 1904	...	...	...	39,390

Total number of concerns "limited" in 40 years 79,046

There is no doubt that Companies are entitled to the most important consideration in the History of British Enterprise. The bulk of our colonies and of our trade and commerce have been secured and built up through our Companies. Our Colonial Office owes its very existence to them. English Companies have been instrumental in building up the great commerce of the world and their operations form an important part of the world's history. For evidence of the benefits of such we have only to look at such gigantic undertakings as railways, docks, bridges, and other engineering feats, the extraordinary success of our water, gas, insurance, banking, telegraph, cable, mining and shipping Companies, which have been a constant source of profit as well as an incalculable public benefit.

Our travelling conveniences, our omnibuses, cabs, our cheap transit are all due to Joint Stock Enterprise. If we want a Club the Companies Acts afford us a ready means of forming one without personal liability and on safe principles. If we want to patronise the Opera, Theatre, or Music Hall, we are beholden to our Companies Acts.

Doubtless there has been a vast amount of money lost over unsuccessful ventures, more perhaps in connection with Companies than individuals, but this we must expect, for individuals are loth to embark the whole of their capital in venturesome deals or undertakings, and in the majority of cases, where an idea is conceived that profit may be made by a certain venture which it is anticipated will turn out a success, the originators immediately have recourse to the Companies Acts for a combination of persons who are willing to speculate on the chances of success.

COMPANY LEGISLATION SINCE 1862.

Since 1862 when the consolidating statute was passed, numerous other Acts relating to Companies have been passed from time to time, namely, the Company Clauses Act 1863 (26 and 27 Vict., c. 118), The Company Seals Act 1864 (27 and 28 Vict., c. 19), The Companies Act,

1867 (30 and 31 Vict., c. 131), The Companies Clauses Act 1869 (32 and 33 Vict., c. 48), The Companies Act 1877 (40 and 41 Vict., c. 26), The Companies Act 1879 (42 and 43 Vict., c. 76), The Companies Act 1880 (42 Vict. c. 12), The Companies (Colonial Registers) Act 1883 (46 and 47 Vict., c. 30), The Companies Act 1886 (49 and 50 Vict., c. 23), The Companies Clauses Consolidation Act 1888 (51 and 52 Vict., c. 48), The Companies Winding up Act 1890 (53 and 54 Vict., c. 63), The Directors Liability Act 1890 (53 and 54 Vict., c. 64), The Companies Winding up Act 1898 (56 and 57 Vict., c. 58), The Companies Act 1898 (61 and 62 Vict., c. 26), and the Companies Act 1900 (63 and 64 Vict., c. 48), but the Act of 1862 is the principal one.

WHAT COMPANIES MAY OR MAY NOT REGISTER.

THE Companies Act of 1862 was intended to form a complete code of Company law for the whole of the United Kingdom. The Act provides by s. 4 that no Company, association or partnership, consisting of more than 10 persons, shall be formed after the commencement of this Act for the purpose of carrying on the business of banking unless it is registered as a Company under this Act, or is formed in pursuance of some other Act of Parliament, or of Letters Patent; and no Company, association or partnership, consisting of more than 20 persons, shall be formed after the commencement of this Act for the purpose of carrying on any other business that has for its object the acquisition of gain by the Company, association or partnership, or by the individual members thereof, unless it is registered as a Company under this Act or is formed in pursuance of some other Act of Parliament, or of Letters Patent, or is a Company engaged in working mines within and subject to the jurisdiction of the Stannaries.

The word "business" in this section has a wider meaning than trade. Anything which occupies the time and attention and labour of a man for the purpose of profit is business. The definition of what is "an association carrying on a business for the acquisition of gain" has been much debated. Gain is not limited to pecuniary gain or commercial profits, but where the

property of an association is vested in a body of trustees, consisting of less than 20 in number, and such trustees carry on the business, not as agents of the association, but independently in their own names and on their own personal responsibility, then the association does not "carry on business." If, on the other hand, the persons who carry on the business are agents, not trustees, the association is illegal.

A Society of more than 20 persons formed for the purpose of lending the money to its members at interest for buying houses, was held illegal for want of registration; so also a society of more than 20 persons which carried on the business of making loans to its members out of a subscribed fund, the loans being put up to auction or balloted for.

CONDITIONS NECESSARY TO ENABLE A COMPANY TO REGISTER.

In order to enable a Company to register under the Companies Acts, it must have at least seven members.

If it be incorporated as a Company with liability limited by Act of Parliament or Letters Patent, it cannot register unless it have a capital divided into shares or transferable stock, and then only as a Company limited by shares or stock. By the Trade Union Act, 1871, Trade Unions are expressly excepted from registration.

REGISTRATION—WHEN COMPULSORY.

Registration is compulsory in the case of banking partnerships of more than 10 persons, formed on or after November 2nd, 1862, unless formed under some other Act of Parliament, or under Letters Patent. Registration is compulsory in the case of Companies, Associations, or Partnerships, of more than 20 persons formed on or after November 2nd, 1862, for the purpose of carrying on any other business (except banking) for gain unless they are formed under some other Act of Parliament or Letters Patent, or unless they are Companies engaged in working mines within and subject to the jurisdiction of the Stanneries.

REGISTRATION—WHEN IMPOSSIBLE.

Registration appears to be impossible only in the following cases, namely:—In the case of companies and Associations of less than seven members; in the case of Companies and Associations, having the liability of their members limited by Act of Parliament or Letters Patent, and not having a capital divided into shares or a transferable stock, *e.g.*, mutual incorporated societies, and learned societies such as the Royal Society; in the case of Trade Unions; in the case of foreign incorporated companies.

ASSOCIATIONS FORMED FOR PURPOSES
NOT OF GAIN.

Section 23 of the Companies Act, 1867, enacts that where any Association is about to be formed under the Principal Act (*i.e.*, C.A., 1862) as a Limited Company, if it proves to the Board of Trade that it is formed for the purpose of promoting commerce, art, science, religion, charity, or other useful aim, the Board of Trade may, providing it be proved that such association will apply its means or profit (if any) in promoting its objects and also providing its rules do not authorise payment of any dividends to its members by license under the hand of one of the Secretaries or assistant Secretaries, direct such association to be registered with limited liability, without the addition of the word “limited” to its name, and such association may be registered accordingly, and upon registration shall enjoy all the privileges and be subject to the obligations by this Act imposed on limited Companies, with the exceptions that none of the provisions of this Act that require a limited Company to use the word “limited” as any part of its name, or to publish its name, or to send a list of its members, directors, or managers to the Registrar, shall apply to an association so registered. The license by the Board of Trade may be granted upon such conditions and subject to such regulations as the Board think fit to impose, and those conditions and regulations shall be binding on the association, and may, at the option of the said Board, be

inserted in the Memorandum or Articles of Association, or in both documents.

The Board of Trade has an uncontrolled discretion with regard to the granting of these licenses, and can attach such conditions thereto as it may think fit. The Memorandum of Companies of this class usually contains a clause prohibiting a payment of any of the profits to the members. If the license be granted, the association is free from the obligations imposed by ss. 26, 41 and 45, and from the corresponding penalties imposed by ss. 27, 42, and 46, of the C. A., 1862.

REGISTRATION—WHEN OPTIONAL.

Sections 6 and 180 of the C. A., 1862, authorise, but do not imperatively require, registration. These sections of the Act apparently authorise any seven or more persons, associated for any lawful purpose, to form a Company by registration, with the exceptions before mentioned. The circumstance that the persons are foreigners and intend to carry on business abroad does not preclude registration.

OPTION TO REGISTER WITH LIMITED LIABILITY OR WITHOUT.

With few exceptions every Company capable of being Registered may at the option of its members or promoters be Registered with or without limited liability; and in the first case, with the liability limited either by shares, or by guarantee. The following are the exceptions :—

1. No Company having the liability of its members limited by Act of Parliament or Letters Patent, can Register as an unlimited Company or as a Company limited by guarantee. 2. No Company that has not a capital divided into shares or transferable stock can register as a Company limited by shares. This applies to most cost-book mining Companies.

A Company can be formed with the liability of its shareholders limited but with the liability of its Directors or managers unlimited, but in such case the Memorandum

of Association must state that the liability of the Directors or managers or managing director is unlimited..

REGISTERED FRIENDLY SOCIETIES.

Under the Friendly Societies Act, 1896, s. 8, the following Societies may be registered :—

Sub-s. 1. Societies (in this Act called Friendly Societies) for the purpose of providing for by voluntary subscriptions of the members thereof with or without the aid of donations for (A) the relief or maintenance of the members, their husbands, wives, children, fathers, mothers, brothers, or sisters, nephews or nieces, or wards being orphans, during sickness or other infirmity, whether bodily or mental, in old age (which shall mean any age after fifty), or in widowhood, or for the relief or maintenance of the orphan children of members during minority ; or (B) insuring money to be paid on the birth of a member's child, or on the death of a member, or for the funeral expenses of the husband, wife or child of a member, or of the widow of a deceased member, or, as respects persons of the Jewish persuasion for the payment of a sum of money during the period of confined mourning ; or (C) the relief or maintenance of the members when on travel in search of employment, or when in distressed circumstances, or in case of shipwreck, or loss or damage of or to boats or nets ; or (D) the endowment of members or nominees of members at any age ; or (E) the insurance against fire, to any amount not exceeding £15 of the tools or implements of the trade or calling of the members. Provided that a Friendly Society which contracts with any person for the assurance of an annuity exceeding £50 per annum, or of a gross sum exceeding £200, shall not be registered under this Act.

Sub-s. 2. Societies (in this Act called Cattle Insurance Societies) for the purpose of insurance to any amount against loss of meat, cattle, sheep, lambs, swine, horses, and other animals, by death from disease or otherwise.

Sub-s. 3. Societies (in this Act called " Benevolent Societies ") for any benevolent or charitable purpose.

Sub-s. 4. Societies (in this Act called "Working Men's Clubs") for purposes of social intercourse, mutual helpfulness, mental and moral improvement, and rational recreation.

(The Registry office has held that one of the purposes specified is sufficient to entitle a working men's club to registration).

Sub-s. 5. Societies (in this Act called "Specially Authorised Societies") for any purpose which the Treasury may authorise as a purpose to which the provisions of this Act, or such of them as are specified in the authority, ought to be extended, provided that where any provisions of this Act are so specified, those provisions only shall be extended.

The five classes of Societies enumerated in this section are treated as distinct, and a Society of one class cannot at the same time belong to another, except that a specially authorised purpose may be combined in the rules of a Society, with any of the purposes mentioned in the first four sections. A Society is a Friendly Society under this section, although it may not include in its objects all the objects here stated, provided its objects are substantially the same as those in the Act. On the other hand, a Society being a Trade Union, though some of its rules provide for allowance in cases of sickness, infirmity, want of employment, and other benefits, cannot avail itself of the Friendly Societies Acts, nor can a Society in the nature of a Benefit Society, some of whose rules are in restraint of trade.

A Society having objects not specified in or authorised under this section, and desiring to be registered under the Act, should apply to the Treasury, either directly or through the chief Registrar, for the grant of a special authority under which registration could be made.

UNREGISTERED SOCIETIES.

Besides the Societies registered under this Act, the Act takes some notice of unregistered Societies. And those Societies termed "Collecting Societies" which are subject to the provisions of the Collecting Societies and Industrial Assurance Companies Act, 1896. But a part

from these Acts, it is somewhat difficult to determine the exact status and position of an unregistered Friendly Society. The Companies Act, 1862, s. 4, enacts that no Company, association or partnership, consisting of more than 20 persons shall be formed after the 2nd November, 1862, for the purpose of carrying on any business which has for its object the acquisition of gain by the Company, association or partnership, or by the individual members thereof, unless it is registered as a Company under the Act, or is formed in pursuance of some other Act of Parliament. In *Jennings v. Hammond*, a mutual benefit society, and in *Shaw v. Benson*, a loan society, were held to be illegal under the above section, for want of registration, and so unable to maintain an action; whilst on the other hand, an association formed before the Act does not require to be registered. The Courts have, at the instance of an unregistered Company, restrained the registration of a projected new Company which was intended to carry on the same business under a similar name. In this case, however, the plaintiff Company was formed prior to the Companies Act, 1862; but it is doubtful whether an unregistered association formed subsequently could maintain a similar action. The anomalous position which an unregistered society seems to occupy points out the desirability of such a society obtaining incorporation or a definite status by registration. As to the right of a majority of the members of an unregistered society to decide on registration and control the funds, see *Oldham Our Lady's Sick and Burial Society v. Taylor*, and *M'Renny v. Barnsley Corporation*.

CONDITIONS OF REGISTRATION.

A Society cannot be registered under the Friendly Societies Act unless it consists of seven persons at least. Registration under this Act is purely voluntary, and except to specially authorised societies gratuitous. All the associations which are permitted to be enrolled under this Act, might, if they preferred it, obtain incorporation by registration under the Companies Acts, and if after registration under this Act, the society prefers

to become incorporated under the Companies Act, that end can be obtained by a conversion under s. 71. Seven persons is the number required for the registration of a Friendly Society, being the same as is required for the registration of a Joint Stock Company, though three is sufficient in the case of a Loan Society under the Loan Societies Act, 1840 (3 & 4 Vict., c. 110 s. 4) or a Building Society (37 & 38 Vict., c. 42 s. 17). See Fuller on Friendly Societies, 1898, pp. 17-27.

INDUSTRIAL AND PROVIDENT SOCIETIES.

The law on this subject is now consolidated in the Industrial and Provident Societies Act, 1893 (56 & 57 Vict., c. 39) as amended in two small details by an Act of 1894 (57 & 58 Vict. c. 8). The Acts apply to all the British Islands except the Isle of Man. Incorporated Societies existing on the 1st January, 1894, which have been registered or certified under prior Acts relating to Industrial and Provident Societies, are treated as societies registered under the Act of 1893, and their rules continue in force, so far as they do not contravene any express provision of that Act, until altered or rescinded. The societies which can be registered under the Acts are those formed for carrying on any industrial business or trade (wholesale or retail) specified in or authorised by its rules, including dealings in every description of land, whether copyhold, freehold, or leasehold. The purpose of the society must not be illegal. To be entitled to registration the society must consist of at least seven members, and must send to the Registrar of Friendly Societies an application signed by seven members and the Secretary, together with two printed copies of its rules. A name (which must end with the word "Limited") will not be registered which is likely to confuse the society with another, or to mislead the members or the public. Change of name is allowed only by special resolution of the society, approved by the Chief Registrar. Anyone who asks for a copy of the rules of the society is entitled to it on demand and payment of not over 1s. Every society must have a registered office with its name affixed thereto, and sub-

mit its accounts annually to audit ; it must also send to the Registrar of Friendly Societies an annual return vouched by the auditors, which must be supplied to members on demand. A copy of its balance-sheet must be fixed in the office of the society. It must also submit its books to inspection by its members, and in certain events to inspection and report by a person appointed by the Chief Registrar of Friendly Societies. The society on registration becomes a body incorporated with limited liability. Persons over 16 may be members.

Inspection of the books and affairs of a society may be ordered by the Chief Registrar. Societies may be amalgamated with or transferred to other societies or converted into a Company, or a Company into a Society, by special resolution in the form prescribed by the Act and registered at the central offices of Friendly Societies. Dissolution is provided for by sections 58-61 of the Act, which bring societies within the Winding-up Acts. These societies subject to their rules may hold land of any tenure, and make certain specified investments including deposits in certified savings banks or post-office savings banks, and lend to their members.

BUILDING SOCIETIES.

A Building Society is a society for the purpose of raising, by the subscriptions of its members, a stock or fund for the purpose of making advances to members out of the funds of the society upon real or leasehold estate by way of mortgage. (Building Societies Act, 1874, s. 13). The members are of two classes :—(1) unadvanced or investing members who merely pay their subscriptions to the society ; (2) advanced or borrowing members, who borrow money from the society on mortgage. There are two kinds of societies :—(1) Terminating ; (2) Permanent. A Terminating Society is one which is to terminate at a fixed date, or when a result specified in its rules is obtained. In most terminating societies a fixed subscription is made payable by the members so long as the society exists, the object being to continue the society until the

subscriptions, with the interest that has arisen from their investment, produce such an amount as may have been fixed by the rules. As soon as there are sufficient funds in hand, advances are made to members in anticipation of what would be payable to them on the termination of the society, the member who receives the advance giving a mortgage to secure the continued payment of the subscriptions due from him to the Society, and when each member has received the amount of the share or shares for which he subscribed, the society terminates. A Permanent Society, on the other hand, is one which has no fixed date or specified result at which it is to terminate, and may therefore continue operations for an indefinite time. In a Permanent Society the members take shares of a certain fixed amount, on which payment has to be made, either in a lump sum or by instalments, until the share is paid up in full, and the sums so fixed generally carry interest. Advances are made from time to time on mortgage of real or leasehold property, the money advanced being usually repayable by instalments, composed partly of principal and partly of interest. Building Societies, whether terminating or permanent, may be either incorporated or unincorporated.

Incorporated Societies are Societies which were either formed in the first instance under the Building Societies Act, 1879, or having been originally formed under the Building Societies Act of 1836, have since obtained a certificate of incorporation under the Act of 1874; they are governed by the Building Societies Acts, 1874 to 1894, and the Building Societies Regulations, 1895, framed by the Secretary of State under s. 44 of the Act of 1874. The Building Societies Acts, 1874 to 1894, apply to Scotland and Ireland but not to the Channel Islands or the Isle of Man.

A Building Society may, so far as necessary for its proper purposes hold land acquired by foreclosure, and may also from time to time raise funds by the issue of shares of one or more denominations, either paid up in full or to be paid by periodical or other subscriptions, and with or without accumulating interest, and may repay such funds when no longer required for the purposes of

the society. Any land, however, to which it may become absolutely entitled by foreclosure, or by surrender, or other extinguishment of the right of redemption, must as soon afterwards as may be conveniently practicable, be sold or converted into money.

UNINCORPORATED BUILDING SOCIETIES.

Unincorporated Building Societies are governed by the Building Societies Act of 1836, and the two old Friendly Societies Acts of 1829 and 1834 incorporated therewith, which, though repealed for all other purposes, are still in force so far as relates to Building Societies certified prior to the year 1856 and not incorporated under the Building Societies Act of 1874. Unincorporated Societies with few exceptions are an unimportant class, and no new Society can now be established on this footing.

INDUSTRIAL ASSURANCE COMPANY.

An Industrial Assurance Company is defined in section 1 of the Collecting Societies and Industrial Assurance Companies Act, 1896, as "a person or body "of persons, whether corporate or incorporate, granting "assurances on anyone's life for a less sum than £20." Companies of this kind, if registered under the Friendly Societies Act, 1896, are not subject to the provisions of the Life Assurance Companies Acts, 1870 and 1872. An Industrial Assurance Company which receives contributions or premiums by means of collectors at a greater distance than ten miles from its registered office or principal place of business and at less periodical intervals than two months, is a society within the scope of the Collecting Societies Act, 1896. The effect of this is as follows:—(A) To prohibit the society from enforcing a forfeiture by a person assured for default in contributions unless they have served on him a notice in writing stating the amount due, and that if he does not pay within a reasonable time, not less than 14 days, his interest or benefit will be forfeited, and default has been

made in payment under the notice. (B) To prohibit transfer of a person assured without his written consent, or that of his parent or guardian, from one Company to another, except on an amalgamation or transfer of business under the Life Assurance Companies Acts, 1870 to 1872, and to require the transferee Company to give the transferor Company written notice of an application for admission or transfer. (c) To require the Company to hold a general meeting at least once a year properly advertised or by notice served on each member. (D) To provide for the settlement by a County Court Judge under the Friendly Societies Act, 1896, of any dispute between the Company and a member or person insured or person claiming under either. (E) To prevent acting collectors of a Company from being members of the Committee of Management or holding any office in the Company, and, except superintending collectors within a given district, voting or taking part in the proceedings, etc., at any meeting of the Company.

All Industrial Assurance Companies, unless registered as Friendly Societies, are subject to the Life Assurance Companies Acts, 1870 and 1872. Societies not so registered and collecting premiums at intervals greater than two months are not under the Collecting Societies Act, 1896, except where they assure the payment of money on the death of children under the age of 10 years, in which event they are subject to ss. 62-67 and 84 of the Friendly Societies Act, 1896, as to such insurances.

LIFE ASSURANCE COMPANIES.

The formation of Life Assurance Companies is governed by the Life Assurance Companies Act, 1870, as amended by the Acts of 1871 and 1872. In the Act of 1870 the term "Company" means any person or persons, corporate or incorporate, not being registered under the Acts relating to Friendly Societies, who issue or who are liable under policies of assurance upon human life within the United Kingdom, or who grant annuities upon human life within the United Kingdom.

Every Company established after the passing of this Act within the United Kingdom, and every Company established or to be established out of the United Kingdom which shall after the passing of this Act commence to carry on the business of life assurance within the United Kingdom, shall be required to deposit the sum of £20,000, with the Accountant-General of the Court of Chancery to be invested by him in one of the securities usually accepted by the Court for the investment of funds placed from time to time under its administration ; the Company selecting the particular security and receiving the income therefrom, and the Registrar shall not issue a certificate of incorporation unless such deposit shall have been made, but the Accountant-General shall return such deposit to the Company as soon as its life assurance fund, accumulated out of the premiums, shall have amounted to £40,000. The life assurance fund of £40,000, in the case of a foreign Company commencing to carry on business in this country, may consist of accumulations already existing abroad, and arising from the original foreign business of the Company. The said deposit may be made by the subscribers of the Memorandum of Association of the Company or any of them in the name of the proposed Company, and such deposit upon the incorporation of the Company shall be deemed to have been made by and to be part of the assets of the Company.

In the case of a Company established after the passing of this Act, transacting other business besides that of life assurance, a separate account shall be kept of all receipts in respect of the life assurance and annuity contracts of the Company, and the said receipts shall be carried to and form a separate fund to be called the Life Assurance Fund of the Company, and such fund shall be absolutely the security of the life policy and annuity holders as though it belonged to a Company carrying on no other business than that of life assurance, and shall not be liable for any contracts of the Company for which it would not have been liable had the business of the Company been only that of life assurance ; and in respect to all existing Companies, the exemption of the life

assurance fund from liability for other obligations than to its life policy holders shall have reference only to the contracts entered into after the passing of this Act, unless by the constitution of the Company such exemption already exists: provided always that this section shall not apply to any contracts made by any existing Company by the terms of whose deed of settlement the whole of the profits of all the businesses are paid exclusively to the life policy holders, and on the face of which contracts the liability of the assured distinctly appears. This section applies to every Company established before the passing of the Act of 1870, but it does not limit the liability of the life assurance fund for any contracts of the Company entered into before the passing of the Act of 1870.

Every Company shall at the expiration of its financial year prepare a statement of its revenue for such year, and of its balance sheet to the close of that year, in the forms respectively contained in the first and second schedules to this Act. Every Company which concurrently with the granting of policies of assurances or annuities on human life transacts any other kind of assurance or other business shall, at the expiration of each financial year as aforesaid, prepare statements of its revenue account for such year, and of its balance sheets at the close of such year, in the form respectively contained in the third and fourth schedules of this Act.

Every Company once in every five years if established after the passing of this Act, and once every ten years if established before the passing of the Act, or at such shorter intervals as may be prescribed by the instrument constituting the Company, or by its regulations or bye-laws, shall cause an investigation to be made into its financial condition by an actuary, and shall cause an abstract of the report of such actuary to be made in the form prescribed in the fifth schedule to this Act. Every Company within nine months after the date of each such investigation into its financial condition as aforesaid, shall prepare a statement of its life assurance and annuity business in the form contained in the sixth schedule to this Act, each of such statements to be made up as at the

date of the last investigation, provided as follows:—If such investigation be made annually by any Company, such Company may prepare such statement at any time, so that it be made at least once in every three years. The expression “date” of each such investigation in this section shall mean the date to which the accounts of each Company are made up for the purpose of each such investigation. Every statement or abstract therein-before required to be made shall be signed by the Chairman and two Directors of the Company and by the principal officer managing the life assurance business, and if the Company has a managing Director, by such managing Director, and shall be printed, and the original so signed as aforesaid, together with three printed copies thereof, shall be deposited at the Board of Trade within nine months of the dates respectively herein-before prescribed as the dates at which the same are to be prepared. And every annual statement so deposited after the first investigation after the passing of the Act shall be accompanied by a printed copy of the abstract required to be made by s. 7.

A printed copy of the last deposited statement, abstract or other document by this Act required to be printed, shall be forwarded by the Company by post or otherwise on application to every shareholder and policy holder of the Company.

Every Company which is not registered under the Companies Act, 1862, and which has not incorporated in its deeds of settlement section 10 of the Companies Clauses Consolidation Act, 1845, shall keep a Shareholders' Address Book in accordance with the provisions of that section, and shall furnish on application to every shareholder and policy holder of the Company a copy of such book on payment of a sum not exceeding sixpence for every hundred words required to be copied for such purpose. Every Company which is not registered under “the Companies Act, 1862,” shall cause a sufficient number of copies of its deed of settlement to be printed, and shall furnish on application to every shareholder and policy holder of a Company a copy of such deed of settlement on payment of a sum not exceeding 2s. 6d.

BANKING COMPANIES.

Section 4 of the Companies Act, 1862, enacts that no Company, association or partnership consisting of more than ten persons shall be formed after the commencement of this Act, for the purpose of carrying on the business of banking, unless it is registered as a Company under this Act, or is formed in pursuance of some other Act of Parliament, or of Letters Patent. But it is lawful for any number of persons not exceeding ten to carry on in partnership the business of banking.

Every Limited Banking Company, and every Insurance Company, and Deposit, Provided, or Benefit Society under this Act, shall before it commences business, and also on the first Monday in February and the first Monday in August in every year during which it carries on business, make a statement in the form marked D in the first schedule in this Act, or as near thereto as circumstances will admit, and a copy of such statement shall be put up in a conspicuous place in the Registered Office of the Company, and in every branch office or place where the business of the Company is carried on, and if default is made in compliance with the provisions of this section the Company shall be liable to a penalty not exceeding £5 for every day during which such default continues, and every Director and Manager of the Company who shall knowingly and wilfully authorise or permit such default shall incur the like penalty. Every member and every creditor of any Company mentioned in this section shall be entitled to a copy of the above-mentioned statement on the payment of a sum not exceeding sixpence.

The Companies Act, 1879 (s. 17), enacts as follows respecting the audit of accounts:—Once at least in every year the accounts of every Banking Company shall be examined by an auditor or auditors who shall be elected annually by the Company in general meeting. A director or officer of the Company is not capable of being elected auditor of such Company. An auditor on quitting office is re-eligible. If any casual vacancy occurs in the office of any auditor the surviving auditor or auditors (if any) may act, but if there be no surviving auditor, the directors

shall forthwith call an extraordinary general meeting for the purpose of supplying the vacancy or vacancies in the auditorship. Every auditor shall have a list delivered to him of all books kept by the Company, and shall at all reasonable times have access to the books and accounts of the Company, and any auditor may in relation to such books and accounts, examine the directors or any other officer of the Company ; provided that if a Banking Company has branch banks beyond the limit of Europe, it shall be sufficient if the auditor is allowed access to such copies of and extracts from the books and accounts of any such branch as may have been transmitted to the head office of the Banking Company in the United Kingdom. The auditor or auditors shall enclose a report to the members on the accounts examined by him or them, and on every balance sheet laid before the Company in general meeting during his or their tenure of office and in every such report shall state whether in his or their opinion, the balance sheet is properly drawn up, so as to exhibit a true and correct view of the state of the Company's affairs as shown by the books of the Company, and such report shall be read before the Company in general meeting. The remuneration of the auditor or auditors shall be fixed by the general meeting appointing such auditor or auditors, and shall be paid by the Company. Every balance sheet submitted to the annual or other meeting of the members of every Banking Company registered after the passing of this Act as a Limited Company, shall be signed by the auditor or auditors and by the secretary or manager (if any) and by the director of the Company or three of such directors at the least.

By the Companies Act, 1862, s. 188, every Banking Company existing at the date of the passing of this Act which registers itself as a Limited Company shall, at least thirty days previous to obtaining a certificate of registration with limited liability, give notice that it is intended so to register same to every person and partnership firm who have a banking account with the Company, and such notice shall be given either by delivering the same to such person or firm, or leaving the same or putting the

same into the post addressed to him or them at such address as shall have been last communicated or otherwise become known as his or their address to or by the Company ; and in case the Company omits to give any such notice, then as between the Company or the person or persons only who are for the time being interested in the account in respect of which such notice ought to have been given, and as far as respects such accounts and all variations thereof down to time at which such notice shall be given, but not further, or otherwise, the certificate of registration with limited liability shall have no operation.

COST BOOK MINING COMPANIES

are mere partnerships governed by the law of partnership, except so far as the law is excluded by local custom or by special agreement referring to and embodying such custom, and they are formed by agreement. A number of adventurers who have obtained permission to work a lode agree to share the enterprize in certain proportions. An agent termed a "purser" is appointed for the purpose of managing the affairs of the mine, subject to the control of the shareholders. The agreement is written in a book termed the "cost-book," and in the same book are inserted from time to time the receipts and expenditure of the mine and transfers of shares. The shares are transferable, and may be relinquished. They may also be sold for non-payment of calls.

A CHARTERED COMPANY

is a Corporation existing for the purpose for which it is created, and no others. Charters are obtained by petition to the King in Council. The petition and draft of the proposed Charter are left at the Privy Council Office, and are then referred to the Board of Trade. The Privy Council Office, Foreign Office and India Office are also referred to if the proposed Company falls within their departments. The Letter Patent Act (7 W. and 1 Vict., c. 173) empowers the Crown to grant by letters patent to any Company or body of persons, although not incorporated by such letters patent, any privileges which the

Crown might at common law grant to any Company or body of persons by any Charter or Incorporation. Letters patent under this Act are obtained on application to the King in Council, and notice of the application must be inserted three times in the London Gazette, and in one or more of the newspapers circulating in the county in which it is proposed that the principal place of business of the Company shall be established, at intervals of not less than one week. Every Company formed under this Act is required to be constituted by agreement under seal, in which are to be specified the number of shares in the Company, the name of the Company, the names of its members, the date of its commencement, the nature of its business, the place or principal place where such business is to be transacted, and also the names of two or more officers to sue or to be sued on behalf of the Company.

Within three months after the grant of the letters patent a return is to be made to the enrolment department of the central office of the Supreme Court of all the above particulars, and of the date of the letters patent; and returns are required to be made of every change made in the Company's principal place of business, and of every change in its shareholders, and of the officers by which it is to be sued. These returns are directed to be registered, and to be open to the inspection of any person upon payment of a small fee. Companies formed under this Act are not corporations, but are essentially partnerships. Their privileges depend on the letters patent obtained by them.

COMPANIES INCORPORATED BY SPECIAL ACT.

A Company incorporated by a special Act of Parliament exists as an incorporated Company solely by virtue of that Act. Before a special Act can be obtained for the incorporation of a Company, a deposit must be made of a certain proportion, in some cases of the estimated expense of the undertaking, and others of the capital it is proposed to raise. The Act which each Company

may succeed in obtaining for itself is called "its Special Act," and governs the Company as to all matters especially provided for in it. But as to other matters the Company (if incorporated since May 8th, 1854) is governed by the Companies Clauses Consolidation Act, which is applicable to every English Company incorporated by Act of Parliament since that time, save so far as its clauses and provisions may be expressly varied or exempted by the Company's Special Act. The Company thus formed is supposed to have the amount of its capital fixed by the special Act, and the amount divided into shares of a certain number and amount, and numbered progressively from one upwards, so that each share may be distinguished by its proper number.

The Company must keep a book called the "Register of Shareholders," in which must be entered (1) the names of persons entitled to shares in the Company; (2) the number of shares to which each such person is entitled; (3) the distinguishing number of the shares; and (4) the amount of subscription paid on them.

The Company is also required to keep a "Shareholders' Address Book," which must be open to the inspection of every shareholder at all convenient times.

The Register is *prima facie* evidence that a person whose name is on it is a shareholder, but it is not conclusive evidence. It is competent for him to rebut the *prima facie* case made against him by the register, by showing that the Company inserted his name on it without any authority. A Company is not estopped by its own register. But when a person's name is put on the register the Company cannot strike the same off unless it can show proper grounds for doing so. No provision is made by the Companies Clauses Act for the rectification of the register, but it may be rectified both by mandamus and injunction. Shares in Companies governed by the Companies' Clauses Act are transferred by deed delivered (duly executed), to the secretary of the Company; a form of transfer is given by the Act, and in order that a Company may be compelled to register an instrument of transfer, it must be in a simple form, not differing substantially from the form prescribed.

REGISTERED COMPANIES.

The majority of Joint Stock Companies belong to this class, and are registered under and governed by the Companies Acts, 1862 to 1900.

Registration incorporates the Company and the Certificate of the Registrar of Joint Stock Companies is conclusive evidence that all the statutory requisitions have been complied with ; therefore, even if irregularities have occurred in the registration, it would appear from s. 1 of the Act, 1900, that such would not effect its legal existence, as when once the Registrar has issued the Certificate of Incorporation the Company exists.

Companies may be divided into five kinds, viz. :—

- (1) Limited by guarantee.
- (2) The liability of its members being unlimited.
- (3) The liability of its shareholders limited, but the liability of its Directors, Managers, or Managing Directors unlimited.
- (4) A public Company with shares. (Where it is intended to offer shares for public subscription.) The liability of its shareholders as well as of its Directors being limited.
- (5) Registered as a private Company with shares. The liability of its shareholders as well as of its Directors, being limited, but where no invitation will be made to the public to take shares.

To the last two clauses belong the majority of our Joint Stock Companies, and the advantages gained thereunder are more fully dealt with in another chapter.

RAILWAY RATES.

CONSIDERING the complexity of our rate system, it is perhaps not surprising that comparatively few traders are cognisant of the facilities offered by the Railway Companies for the conveying of Merchandise.

It is now open to every trader to despatch small parcels to his customers in almost every part of the country at very small cost, and the development of the Mail Order System of Trading is likely to make a considerable increase in the small parcel traffic. The Railway Companies have Receiving Offices in London and every important centre, and they are constantly improving their facilities for this traffic. The London and North Western Railway have recently entered into important arrangements whereby the public will be saved much inconvenience, and most of the Receiving Offices of the Company will now receive goods for all other Companies. Any trader who has much experience in the despatch of goods will appreciate this arrangement, which will save him and his staff considerable time and expense. London traders will be interested to know that the Great Northern, Midland, and L. and N.W. Railways have now a Joint Receiving Office at 179, Strand, and the two latter Companies are now working closely together.

It may be of service to some of our readers if we point out a few facts. The rates charged by the London and North Western Railway Company for carrying small parcels by passenger train, including the collection and delivery within the usual limits at the Stations where arrangements for these services are in operation, are very moderate, and they are more favourable than those offered by the Post Office per parcel post for the heavier parcels,

while, of course, there is not the restriction as to weight and size which is imposed by the Post Office. A parcel weighing anything up to 21 lbs. can be despatched under the conditions above-mentioned, by passenger train, and will be collected and delivered for 4d., to any address within the district of the L. and N.W. service or connections.

Beyond this weight the prices vary according to distance. For instance, the following rates apply to the London radius: 4 lbs. 4d.; 24 lbs. 6d.; 28 lbs. 7d.; 32 lbs. 8d.; 56 lbs. 9d.; 84 lbs. 10d.; and 112 lbs. 1/- . The rates for other towns vary according to district, and are classified by key letters A, B, C, D, E, F, G. For instance a parcel weighing 28 lbs. can be sent to Thurso, in North Scotland, for 2/11; to Carlisle, for 2/4; Birmingham, 1/9; Bletchley, 1/2; St. Albans, 7d. For weights above 28 lbs. the charge is from $\frac{1}{4}$ d. to $1\frac{1}{4}$ d. per lb. for each extra lb., according to the key section. For less than 28 lbs. the charges vary also according to scale. The cost of sending 10 lbs. of goods varies from 6d. minimum, to 1/- maximum, and 20 lbs., 6d. to 2/3. Another handy facility offered by the L. & N.W. is that traders can purchase from the Company stamps of the denominational value of 1d., 2d., 3d., 4d., 6d., 9d. and 1/-, which can be affixed to parcels in payment of carriage, to any station on the L. and N.W. Railway Company's own system, in the same manner as postage stamps for Parcels Post.

Under the above rates the Company is responsible for loss, but for those who desire a cheaper rate there is another scale—Owner's Risk Scale. Here the trader has to sign a risk note, relieving the Company from liability in case of loss, but the goods are sent by passenger train, and it is not frequently that the individual trader finds his goods go astray.

OWNER'S RISK SCALE.

London Radius, 112 lbs. 6d., and $\frac{1}{8}$ d. for each additional lb.

A.	section, 4 to 48 lbs., 6d.
B.	„ 4 to 24 lbs., 6d.
C.	„ 4 to 12 lbs., 6d.
D.E.F.	„ 4 to 7 lbs., 6d.

There is a large table of rates, varying according to weight, and 56 lbs. can be sent to places within A., B., C., D., E. & F. sections for 7d., 1½, 1/9, 2/4, and 2/11 respectively, with a charge for each extra lb. of ⅓d., ¼d., ⅓d., ½d. and ⅔d.

Space will not permit of our dealing with the various scales in full, but for general information it may be said that F. applies North of Carlisle ; E. North of Manchester and York ; D., North of Derby and W. of Stafford and Gloucester ; and so on.

The Company undertake shipping business in every branch, and the manufacturer or merchant can arrange for them to attend to all details in connection with the shipment and Insurance of goods and delivery to customers in any part of the world, which obviates the necessity of the sender having to concern himself with the many small details arising in this class of business.

The Company also provide representatives at the various markets, such as Covent Garden, Smithfield, Leadenhall, Spitalfields, Farringdon, Billingsgate, Borough, etc., and attend specially to the early delivery of Meat, Butter, Fruit, Vegetables, Fish, etc., and to the daily return of empty packages.

Parcels or goods, whether sent by passenger or goods train, can be specially insured with the Company, at rates varying with the risks. If sent by goods train they will not insure parcels of less than 28lbs. The rates are divided into four classes. As an illustration, in the insurance of Class 1 are enumerated many articles, among which are mentioned furs, which, when not exceeding £25 in value, can be insured for 3d. between any stations in Great Britain, and the scale varies up to 5/- for £500, and 3d. for each additional £25 thereafter. Precious stones are mentioned among the articles in Class 2. Here the risk is greater, so the insurance is proportionate, and the rates are about double those charged for articles mentioned in Class 1. Class 3 is devoted solely to valuable pictures and paintings, where the risk is considered even greater, and the rates vary from 1/3 for £25 up to 25/- for £500.

Class 4 deals with plate glass (in plates each exceeding 36ft. superficial in size), stained glass, silvered glass, bent glass, etc. Evidently the Company's experience is that this is the most risky of all their traffic, for their insurance charges for this class of goods vary from 2/6 for £25 to 50/- for £500. Then there is a different rate for goods consigned between stations in Great Britain and (a) Ports in Ireland, when carriage between the British and Irish Ports is entirely by sea, (b) the British Isles. These insurance rates up to £25 in Classes 1, 2, 3, and 4 are respectively 9d., 1/6, 3/9, and 7/6, varying up to £500, and the respective rates for the latter amounts are 15/-, 30/-, 75/-, 150/-. Then when the goods have again to be transported from the Island Ports inland the rates of insurance are still greater, varying from 1/- to 10/- for £25, to 20/- and 200/- for £500.

Another point worthy of mention is that special facilities and low rates are in operation for returned empties, and consequently it pays to use the cases, etc., wherein goods are despatched several times over. The L. & N.W.Rly. Co., like any other business firm, are always prepared to discuss terms, and give every assistance and information to facilitate business, and the trader has only to communicate with them to obtain any desired information, or to receive a visit from their representative. They issue among their numerous publications a very useful book entitled "How to send Goods, Parcels, and Luggage, to and from London," which sets forth the various rates in a manner easy to comprehend, and is exceedingly free from the necessary complication and small print of the Time Tables we are all so familiar with.

The rates in operation on all the railways are mostly the same between stations where there is competition. The Great Central Company have of recent years much improved their facilities for goods and parcel traffic, and with their advent into London, established great warehouses for the storage of goods. The public, as well as the trader, have to thank this Company for the enterprising manner in which they have introduced many

innovations. They approached the public in a manner novel for a railway Company, in that they seem to have paid particular attention to the studying of public wants, and laid their plans accordingly. They also issue a very useful book of rates for goods and parcel traffic, wherein, in addition to the ordinary information, are included rates for Empties, Motor Cycles, Motor Cars, etc. Their rates for single empties, not exceeding 28 lbs., varies from 3d. for 25 miles, to 1/- for exceeding 350 miles, for a single package or two or more packages, not exceeding 56 lbs., 84 lbs., and 112 lbs., 4d. to 1/-; 5d. to 1/4; and 6d. to 1/7 respectively. The rates, per passenger train, for one or two Motor Cycles, at owner's risk, if accompanied by a passenger, vary from 1/- for 12 miles, to 11/- for 450 miles, each cycle, or, if unaccompanied by a passenger from Station to Station, at owner's risk, 1/6 to 14/6, or at Company's risk, 2/- to 18/3. The same remarks apply to Motor Tricycles, except that the rates are respectively 2/- to 22/-, 3/- to 26/-, 3/9 to 35/-. They will not be conveyed by passenger train if charged with electricity, gas, oil, or other inflammable liquid or vapour. Motor Cars, uncharged with inflammable liquid or vapour, are conveyed on carriage trucks, per passenger train, from Station to Station, at owner's risk, at 6d. per mile per car. Maximum weight per truck, 50 cwts.; minimum charge 7/6. If at Company's risk, 25 per cent. extra is charged. There is a considerable reduction for two or three cars, which can be placed on one truck. The Great Central also give another facility, not generally known, in that they convey one, two, three or four copies of newspapers from any of their stations to any Foreign station, between which there are two routes, one local and the other Foreign, irrespective of distance, at the uniform charge of $\frac{1}{2}$ d. per copy; but they must be prepaid with the Company's label. This can be obtained at the Secretary's Office, in sheets containing 60 stamps for one paper, 2/6; 60 for 2 papers, 5/-; 60 for 3 papers, 7/6; and 60 for 4 papers, 10/-. They also contract for the carriage of a single newspaper, published at intervals of not exceeding 7 days, as follows:—

One newspaper daily, 2/6 for one month.

„	„	„	4/-	„	two	„
„	„	„	5/6	„	three	„
„	„	„	10/6	„	six	„
„	„	„	16/-	„	nine	„
„	„	„	21/-	„	twelve	„

Two or more newspapers under one cover are charged at half the above scale for each additional paper. These rates are at owner's risk, and do not include delivery or collection.

They also undertake the delivery of news intelligence, enclosed in special envelopes, prepared with labels at 2d. for each envelope for not exceeding 100 miles, 3d. for 200 miles, and above 200 miles 4d. In regard to passenger traffic from London the conveniences are not excelled by any other line, and their servants are to be specially commended for attention and civility. A first-class compartment will be reserved for not less than four first-class passengers, or six third-class; but written notice must be given to the Station Master at least two hours before starting, at a terminal station, or the previous day if from an intermediate station. This Company also have an excellent service of steamers running between Grimsby and Hamburg, Holland and Antwerp, and their hotels at London, Sheffield, Grimsby and New Holland are worthy of an enterprising Company.

This Company also inaugurated, experimentally, special rates for farm and agricultural produce, at owner's risk, by passenger train, irrespective of distance, including delivery within the usual limits at 6d. per package up to 20 lbs.; 30 lbs., 8d.; 40 lbs., 10d.; 50 lbs., 1/-; 60 lbs., 1/2. No one package must exceed 60 lbs.

The Great Northern Railway have introduced several new features, and one that is likely to interest North Londoners is their express delivery service by carts, which leave various stations six times daily, serving districts in North London. The rates for London and districts served by these express carts is 4d. for 8 lbs. and 1d. for every additional 8 lbs. or part thereof. The rates include collection and delivery. At the extensive goods station at Kings Cross, in addition to the facilities for ordinary

goods, this Company provide all appliances for a large trade in potatoes and other roots and vegetables, also for hay, straw, and agricultural produce. Their potato depôt is tenanted by merchants and salesmen of standing, who can be relied upon for dealing promptly and judiciously with consignments entrusted to them.

The London and South Western Company issue comprehensive lists of rates for parcels, and also have inaugurated several new features. Their rates for parcels between their stations and those in Scotland vary from 4d. for 2 lbs. to 2/6 for 24 lbs., including collection and delivery. They also provide a mileage rate varying from 6d. for 24 lbs. not exceeding 30 miles, and from 30 to 50 miles from 4d. for 2 lbs. to 1/- for 24 lbs.; 100 miles 4d. to 1/6; above 100 miles 4d. to 2/-.

NOTICE !

Free to all Applicants.

THE publishers of the Business Blue Book issue from time to time lists, circulars and other literature of interest to business men, including Lists of Partnerships, Propositions, etc.

They are also preparing a booklet containing a list of Stamp Duties, Weights and Measures, Foreign Moneys and Coin, with their English equivalents. This useful booklet will be forwarded **FREE** when ready, to all applicants who forward their name and address, quoting the announcement of this page, **281.**

STAMP DUTIES

Payable on Registering a Company Limited by Shares, in accordance
Act, 1899, and of The

Nominal Share Capital.	Ad valorem Duty on Statement of Capital.	Fee Stamps on Memorandum of Association.	Deed Stamp on Memorandum of Association.	Deed Stamp on Articles of Association.	Fee Stamp on Articles of Association.	Stamp Duty on Declaration of Compliance.	Fee Stamp on Notice of Situation of Office.
£	£ s. d.	£ s.	s. d.	s. d.	s. d.	s. d.	s. d.
100	0 5 0	2 0	10 0	10 0	5 0	7 6	5 0
500	1 5 0	2 0	10 0	10 0	5 0	7 6	5 0
1,000	2 10 0	2 0	10 0	10 0	5 0	7 6	5 0
2,000	5 0 0	2 0	10 0	10 0	5 0	7 6	5 0
3,000	7 10 0	3 0	10 0	10 0	5 0	7 6	5 0
4,000	10 0 0	4 0	10 0	10 0	5 0	7 6	5 0
5,000	12 10 0	5 0	10 0	10 0	5 0	7 6	5 0
6,000	15 0 0	5 5	10 0	10 0	5 0	7 6	5 0
7,000	17 10 0	5 10	10 0	10 0	5 0	7 6	5 0
8,000	20 0 0	5 15	10 0	10 0	5 0	7 6	5 0
9,000	22 10 0	6 0	10 0	10 0	5 0	7 6	5 0
10,000	25 0 0	6 5	10 0	10 0	5 0	7 6	5 0
11,000	27 10 0	6 10	10 0	10 0	5 0	7 6	5 0
12,000	30 0 0	6 15	10 0	10 0	5 0	7 6	5 0
13,000	32 10 0	7 0	10 0	10 0	5 0	7 6	5 0
14,000	35 0 0	7 5	10 0	10 0	5 0	7 6	5 0
15,000	37 10 0	7 10	10 0	10 0	5 0	7 6	5 0
16,000	40 0 0	7 15	10 0	10 0	5 0	7 6	5 0
17,000	42 10 0	8 0	10 0	10 0	5 0	7 6	3 0
18,000	45 0 0	8 5	10 0	10 0	5 0	7 6	5 0
19,000	47 10 0	8 10	10 0	10 0	5 0	7 6	5 0
20,000	50 0 0	8 15	10 0	10 0	5 0	7 6	5 0
25,000	62 10 0	10 0	10 0	10 0	5 0	7 6	5 0
30,000	75 0 0	11 5	10 0	10 0	5 0	7 6	5 0
40,000	100 0 0	13 15	10 0	10 0	5 0	7 6	5 0
50,000	125 0 0	16 5	10 0	10 0	5 0	7 6	5 0
60,000	150 0 0	18 15	10 0	10 0	5 0	7 6	5 0
70,000	175 0 0	21 5	10 0	10 0	5 0	7 6	5 0
80,000	200 0 0	23 15	10 0	10 0	5 0	7 6	5 0
90,000	225 0 0	26 5	10 0	10 0	5 0	7 6	5 0
100,000	250 0 0	28 15	10 0	10 0	5 0	7 6	5 0
125,000	312 10 0	30 0	10 0	10 0	5 0	7 6	5 0
150,000	375 0 0	31 5	10 0	10 0	5 0	7 6	5 0
175,000	437 10 0	32 10	10 0	10 0	5 0	7 6	5 0
200,000	500 0 0	33 15	10 0	10 0	5 0	7 6	5 0
250,000	625 0 0	36 5	10 0	10 0	5 0	7 6	5 0
300,000	750 0 0	38 15	10 0	10 0	5 0	7 6	5 0
400,000	1,000 0 0	43 15	10 0	10 0	5 0	7 6	5 0
500,000	1,250 0 0	48 15	10 0	10 0	5 0	7 6	5 0
525,000	1,312 10 0	50 0	10 0	10 0	5 0	7 6	5 0
600,000	1,500 0 0	50 0	10 0	10 0	5 0	7 6	5 0
700,000	1,750 0 0	50 0	10 0	10 0	5 0	7 6	5 0
800,000	2,000 0 0	50 0	10 0	10 0	5 0	7 6	5 0
900,000	2,250 0 0	50 0	10 0	10 0	5 0	7 6	5 0
1,000,000	2,500 0 0	50 0	10 0	10 0	5 0	7 6	5 0

AND FEES

with the provisions of The Companies Act, 1862, The Finance Companies Act, 1900.

PRIVATE COMPANY.			PUBLIC COMPANY.			Nominal Share Capital.
Stamp on Ap- plication for Certificate Private Co.	Total Private Company.	Stamp on Consent of Directors to Act.	Stamp on Contract Directors take Qualification.	Stamp List of Directors consented to Act.	Total Public Company.	
s. d.	£ s. d.	s. d.	s. d.	s. d.	£ s. d.	£
5 0	4 7 6	5 0	5 0	5 0	4 17 6	100
5 0	5 7 6	5 0	5 0	5 0	5 17 6	500
5 0	6 12 6	5 0	5 0	5 0	7 2 6	1,000
5 0	9 2 6	5 0	5 0	5 0	9 12 6	2,000
5 0	12 12 6	5 0	5 0	5 0	13 2 6	3,000
5 0	16 2 6	5 0	5 0	5 0	16 12 6	4,000
5 0	19 12 6	5 0	5 0	5 0	20 2 6	5,000
5 0	22 7 6	5 0	5 0	5 0	22 17 6	6,000
5 0	25 2 6	5 0	5 0	5 0	25 12 6	7,000
5 0	27 17 6	5 0	5 0	5 0	28 7 6	8,000
5 0	30 12 6	5 0	5 0	5 0	31 2 6	9,000
5 0	33 7 6	5 0	5 0	5 0	33 17 6	10,000
5 0	36 2 6	5 0	5 0	5 0	36 12 6	11,000
5 0	38 17 6	5 0	5 0	5 0	39 7 6	12,000
5 0	41 12 6	5 0	5 0	5 0	42 2 6	13,000
5 0	44 7 6	5 0	5 0	5 0	44 17 6	14,000
5 0	47 2 6	5 0	5 0	5 0	47 12 6	15,000
5 0	49 17 6	5 0	5 0	5 0	50 7 6	16,000
5 0	52 12 6	5 0	5 0	5 0	53 2 6	17,000
5 0	55 7 6	5 0	5 0	5 0	55 17 6	18,000
5 0	58 2 6	5 0	5 0	5 0	58 12 6	19,000
5 0	60 17 6	5 0	5 0	5 0	61 7 6	20,000
5 0	74 12 6	5 0	5 0	5 0	75 2 6	25,000
5 0	88 7 6	5 0	5 0	5 0	83 17 6	30,000
5 0	115 17 6	5 0	5 0	5 0	116 7 6	40,000
5 0	143 7 6	5 0	5 5	5 0	143 17 6	50,000
5 0	170 17 6	5 0	5 0	5 0	171 7 6	60,000
5 0	198 7 6	5 0	5 0	5 0	198 17 6	70,000
5 0	225 17 6	5 0	5 0	5 0	223 7 6	80,000
5 0	253 7 6	5 0	5 0	5 0	253 17 6	90,000
5 0	280 17 6	5 0	5 0	5 0	281 7 6	100,000
5 0	344 12 6	5 0	5 0	5 0	345 2 6	125,000
5 0	408 7 6	5 0	5 0	5 0	408 17 6	150,000
5 0	472 2 6	5 0	5 0	5 0	472 12 6	175,000
5 0	535 17 6	5 0	5 0	5 0	536 7 6	200,000
5 0	663 7 6	5 0	5 0	5 0	663 17 6	250,000
5 0	790 17 6	5 0	5 0	5 0	791 7 6	300,000
5 0	1,045 17 6	5 0	5 0	5 0	1,046 7 6	400,000
5 0	1,300 17 6	5 0	5 0	5 0	1,301 7 6	500,000
5 0	1,364 12 6	5 0	5 0	5 0	1,365 2 6	525,000
5 0	1,552 2 6	5 0	5 0	5 0	1,552 12 6	600,000
5 0	1,802 2 6	5 0	5 0	5 0	1,802 12 6	700,000
5 0	2,052 2 6	5 0	5 0	5 0	2,052 12 6	800,000
5 0	2,302 2 6	5 0	5 0	5 0	2,302 12 6	900,000
5 0	2,552 2 6	5 0	5 0	5 0	2,552 12 6	1,000,000

COMPANY PROSPECTUS

ADVERTISEMENT RATES.

A Rate per Line. **B** Rate per Column **C** Rate per Page.

	A	B	C
LONDON MORNING PAPERS.			
Daily Chronicle.	s. d.	£ s.	£ s.
" Express.	1 6	25 0	—
" Graphic	1 3	18 0	—
" Mail.	1 6	15 0	60 0
" News.	3 0	60 0	400 0
" Telegraph.	1 6	30 0	250 0
Financial News.	1 6	31 10	200 0
Financier, The.	2 0	34 0	200
Financial Times.	2 0	25 0	150 0
Morning Advertiser.	2 0	30 0	200 0
" Leader.	—	21 0	140 0
" Post.	1 6	30 0	200 0
Sporting Life.	1 6	30 0	250 0
Sportsman.	1 3	15 2	100 0
Standard, The.	1 3	15 15	120 0
Times, The.	1 0	30 0	200 0
	—	35 0	210 0
EVENING PAPERS.			
Evening News, The.	1 6	25 0	150 0
Evening Standard and St. James's Gazette.	1 3	12 10	50 0
Globe, The.	1 0	15 0	72 0
Pall Mall Gazette.	1 0	22 0	60 0
Star, The.	1 6	27 10	150 0
Sun, The.	1 0	15 0	90 0
Westminster Gazette.	1 3	—	60 0
PROVINCIAL DAILIES.			
Aberdeen Free Press.	1 0	12 12	105 0
" Journal.	1 0	12 0	—
" Evening Express.	0 9	9 0	—
Accrington Observer and Times.	0 9	10 7	72 0
Bath Argus.	1 0	11 10	65 0
" Chronicle.	0 9	8 8	55 0
Belfast Irish News.	1 0	13 10	94 10
" News Letter.	1 0	14 0	100 0
" Northern Whig.	1 0	13 8	120 0
" Telegraph.	1 0	14 8	129 12
Birmingham Argus.			
" Gazette.	1 0	13 0	100 0
" Mail.	1 0	16 0	150 0
" Post.	1 3	20 0	160 0
Blackburn Northern Telegraph and Express.	0 9	9 9	82 16
Bolton Evening Guardian.	0 9	11 5	80 0
Brighton Argus.	1 0	12 0	—
Bristol Times.	1 0	14 14	120 0
" Mercury.	1 0	14 14	100 0
" Evening News.	0 9	11 15	90 0
Cardiff Western Mail.	1 0	14 8	90 0
Citizen.	1 0	13 0	—
Cork Examiner.	0 9	7 13	68 17
Coventry Midland Telegraph.	0 9	8 15	80 0
" Daily Dispatch	1 0	16 0	—
Darlington North Star.	1 0	12 0	85 0
" Northern Echo.	1 0	13 10	130 0
Derby Telegraph.	0 9	10 10	—
Dublin Evening Mail.	1 0	13 10	150 0
" Express.	1 0	13 10	150 0
" Freeman.	1 0	12 16	160 0
Dundee Advertiser.	1 0	16 0	112 0
" Courier.	1 0	13 15	27 10
Edinboro' Scotsman.	1 3	21 5	—
" Dispatch.	0 9	12 15	84 0
" News.	0 9	11 0	176 0
Exeter Gazette.	0 9	7 17	40 0

	A	B	C
	s. d.	£ s.	£ s.
Glasgow Herald.	1 3	20 14	200 0
" Evening Citizen.	1 0	17 0	145 0
" " News.	0 9	12 8	100 0
" " Times.			
Greenock Telegraph.	0 6	—	—
Grimsby Daily Telegraph.	0 9	7 17	55 0
Halifax Courier.	0 9	10 2	80 0
Huddersfield Daily Examiner	0 9	9 9	—
Hull Mail.	1 0	13 16	120 0
Ipswich East Anglian Times.	1 0	15 0	70 0
" Evening Star.	0 9	11 5	80 0
Irish Times.	1 0	14 0	150 0
Leeds and Yorkshire Mercury	1 0	15 0	150 0
Leeds Daily News.	1 0	15 0	140 0
Leicester Mercury.	1 0	13 16	120 0
" Post.	1 0	13 16	120 0
Liverpool Courier.	1 3	20 0	200 0
" Post.	1 3	—	—
" Journal of Commerce.	0 9	10 0	70 0
Manchester Courier.	1 3	17 5	160 0
" News.	1 0	15 16	150 0
" Guardian.	1 6	24 0	250 0
Middlesbro' North Eastern			
Gazette.	1 0	15 4	—
Newcastle Chronicle.	1 0	13 4	105 0
Norwich Eastern Press.	1 0	15 0	100 0
" Evening News.	0 9	10 10	75 0
Northampton Chronicle.	0 9	9 7	70 0
Nottingham Express.	1 0	13 10	—
Nottingham Guardian.	1 0	13 7	115 0
Portsmouth Evening News.	0 9	10 0	75 0
Sheffield Independent.	1 0	14 0	—
" Daily Telegraph.	1 3	16 0	—
S. Wales Daily News.	1 0	14 8	80 0
Staffordshire Sentinel.	0 10	10 15	70 0
Sunderland Herald and Post.	1 0	13 0	95 0
" Echo.	1 0	34 0	75 0
Sussex Daily News.	1 0	13 4	108 18
Swansea Leader.	0 9	7 17	50 0
Ulster Echo.	0 9	8 8	—
Western Daily Mercury.	1 0	14 8	140 0
Western Morning News.	1 0	15 0	200 0
Western Daily Press	0 9	—	—
West Hartlepool Northern			
Daily Mail.	0 9	9 0	—
Wolverhampton Express and			
Star.	1 0	14 8	120 0
Worcester Times.	0 9	9 0	—
Yorkshire Post.	1 3	18 15	200 0
Yorkshire Evening Post.	1 0	15 0	120 0
Yorkshire Daily Observer	1 0	13 12	160 0
WEEKLIES.			
Australian Trading World (T)	1 6	7 7	12 12
British Australasian (S)	1 0	3 3	10 10
Bazaar, Exchange and Mart			
(F.S.T.M.)	1 6	5 10	12 12
Capitalist, The (F)			
Catholic Fireside (S)			
" Times (F)	1 0	6 12	46 0
Christian, The (T)			
" Age (W)	0 9	6 0	9 0
" Globe (Th)	1 0	7 7	21 0
" Herald (Th)			
" World (Th)	1 3	15 15	60 0
Church Evangelist (Th)			
" Times (F)	0 9	7 7	29 8
Citizen (S)	1 0	10 10	50 0
City Press (W and S)	1 0	12 12	80 0
City Leader (W)	1 0	6 6	12 12
Colonial Mining News	1 6	7 7	12 12
Court Journal (S)	—	7 10	15 0
Economist (S)	1 3	10 10	20 0
Fairplay (Th)	—	11 11	21 0
Field (S)	1 0	10 10	40 0
Graphic (F)	—	—	100 0
Grocer (S)	—	6 0	10 0
Investors' Guardian (S)	1 0	4 4	10 10
Irish Investors' Guardian ()			
Irish Society (W)	1 0	2 2	6 0
Jewish Chronicle (Th)	1 0	3 3	21 0
" World (Th)	1 0	5 0	15 0
Licensed Victuallers' Gazette			
(F)	1 0	6 10	18 0
Lloyd's News (S)	2 0	30 0	—
London Opinion and To-Day	1 4	7 0	21 0

	A	B	C
	s. d.	£ s.]	£ s.
M.A.P. (S)	—	1 11 0	22 0
Methodist Recorder (Th)	1 0	5 5	25 0
Money Market Review (S)	1 3	8 8	15 15
News of the World (F)	2 0	26 8	250 0
Observer (S)	1 3	—	100 0
Pelican (W)	—	5 5	10 10
People (S)	1 0	24 0	—
Referee (S)	1 3	15 0	—
Rialto, The (S)	1 0	—	20 0
Reynolds (S)	1 4	20 0	140 0
Saturday Review (S)	2 0	10 10	21 0
Sketch (W)	3 6	25 0	50 0
South Africa (F)	—	—	15 15
Speaker (S)	—	—	—
Spectator (S)	1 2	8 10	15 15
Sporting Times (S)	1 0	10 0	40 0
Statist (S)	1 6	12 0	20 0
Sunday Times (S)	1 6	20 0	160 0
Times (Weekly) (F)	1 0	12 10	55 0
Truth (W)	2 0	10 10	21 0
Umpire (S)	1 1	16 0	110 0
United Service Gazette (S)	—	—	—
Vanity Fair (Th)	—	—	—
Weekly Despatch (F)	—	—	—
Weekly Times and Echo (Th)	1 0	12 12	60 0
World, The (Th)	1 0	7 15	21 0

AUSTRIA-HUNGARY.

Neue Frie Presse.

BELGIUM.

Moniteur des Finance.
Independence Belge.
Le Precurseur.

FRANCE.

L'Echo de Paris.	3 2	33 18	203 0
Le Journal de Debats.	—	76 0	250 0
Le Figaro.	—	—	—
Le Journal.	—	—	—
Le Matin.	4 0	44 0	264 0
Le Times.	—	—	—
New York Herald.	1 8	18 0	80 0

GERMANY.

Berliner Finanz und Handels Zeitung.	0 7½	30 0	—
Berliner Tageblatt.	0 5½	—	40 0
Frankfurter Zeitung.	0 5½	—	40 0
Kölnische Zeitung.	—	—	—
Fremdenblatt (Hamburg).	0 4½	15 16	—
Courier (Hanover).	—	—	—

HOLLAND.

Dagblad van Zuidholland en
'Sgravenhage.
Ned. Financier.
De Kapitalist.

ITALY.

(Florence.)

L'Opinione Nazionale.
La Nazione.
La Gazzetta del Popolo.
(Rome.)
L'Opinione.
La Voce della Verita.

SPAIN.

Diario de Barcelona.
La Correspondencia.
La Epoca.
El Dia.
Pabellon Nacional.
El Imparcial.
El Pueblo.

SWITZERLAND.

Continental Times.
Neue Züricher Zeitung.

INDEX.

A few demonstrations of Advantages of Limited Liability	224	Are boys properly trained for business	61
Ability, Lack of	13	Art of "talking business"	39
Abroad	40, 56	Associations not for gain	256
" How to increase trade with	52	Assurance, Industrial, Company	264
" Value experience gained	3	" Life	265
Accountant, When to call in	57, 59	Attain prosperity	53
Accounts, Books of	57	Attention, Undivided	4
" Regrets not keeping	7	Attract, Proposition must	10, 35, 40
" Their necessity	17	Auditor to Company	243
Acme of wisdom	40	Australian gold output	xiii.
Active partnerships	70	Automatic reckoning	50
Additional Capital, How to obtain	64	Average Lives	164
Admiration, Create	33	Avoidance of difficulties in change of Partnership	205
Advantages of insuring through Lloyds	146	Awakening, A rude	ix.
" of limited liability 75, 200, 224		" General	xii.
Advertising 18, 31, 34, 52, 189		Al at Lloyds	140
" necessary in every business	32	Bacon's axioms	3
Advice, Capacity for taking	19	Balance sheets	7
Affinity of mind as a factor in advertising	34	Bankers, Appointment by Company	243
Age of self-advertisement	52	Banking Companies	269
Agenda	245	Bankruptcy and limited liability	202, 207
Agent in tea and what not	2	" Cause	4
" Procedure of first-class	9	Blocks	43
" The partner as	85	Book-keeping	57
Aggressiveness	33	Books not properly kept	7
Agreement, Partnership	82	" their necessity	17
" to purchase by Company	243	" which must be kept by Company	236
All that a Company has to do	236	Borrowing, Facility for	207, 215
Allotment, How to arrange an	193, 244	Boys' business training	61
" letter	241	Brokerage and underwriting	195
"Amateur," Don't be an	4	Builder, Business	168
Ambition, Short cuts to	219	Building Societies	262
American insurance scandals	xiv.	Burglary insurance	141, 152
" latest enterprise	40	Businesses. Sale and purchase of small	6
" methods 13, 18, 50, 52		" Conversion into Companies	199
Ancient and Modern Chartered Companies	248	" in market, Cause of	7
Apathy of business men	13, 39	Business building	37
Appliances, Office	50	" Buying. Points to be considered	6
Application Form for Shares	240		

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THE BUSINESS BLUE BOOK.

Business circulars	14	Companies, Successful appeal.. ..	xii.
" expert, Assistance of	4	Company Formation, Advantages ..	224
" experts.. .. .	168	illustrated	224
" " unincorporated	264	" " Advantages of.. ..	200
" for sale.. .. .	2	" " All that a Com-	236
" How to dispose of a.. ..	7	pany has to do	
" " " increase	12	" " Avoidance of	206
" " " purchase	5	difficulties arising on change	
" " " start in	1	of partnership	
" " " talk	39	" " Banking Com-	269
" Japanese success in	28	panies	
" literature	40, 42	" Books which	236
" Make hobby of	4	must be kept	
" Man. Sifter of advice	19	" Building Socie-	262
" men, Characteristics of	53	ties	
" men must advertise	52	" Building Socie-	206
" method	21	ties unincor-	
" not going well, If	15	porated	
" procedure	3, 22	" Capitalization.. ..	128
" Reasons of failure to sell	7	" Changes in per-	
" Rules to arrive at value of.. ..	10	sonnel easily	
" Specialising	25	effected	
" Stick to your	4	" Changes on	207
" Success in	96	Bankruptcy or	
" surmounted difficulties	2	Lunacy	
" systems	49	" Chartered Com-	271
" Vendor of, must bear in mind	10	pany	
" Why foreigners succeed in	27	" Companies in-	272
Capacity of partners	80	corporated by	
Capital, Accumulation of	xiii.	special Act	
" Investors' opportunity	xiv.	" Conditions of	260
" How to obtain.. .. .	64, 207	registration	
" Starting business	2	" Cost Book,	271
Capitals of Companies	216, 221	Mining Com-	
Capitalists, Object good return	10	pany	
" requirements and notes	68, 70,	" Debentures	207
73, 120, 124, 126, 130, 135		" Dissolution	203
Capitalisation of Company	128	easily effected	
Card index system	9, 50	" Documents to be	237
Careful attention to book-keeping	58	filed	
Catalogues	50, 55	" Every man	221
" Drawing of	39, 42	should limit	
" Scan all	3, 39	his liability	
Caution, Cannot be too much	3	" Example	204
Chairman of directors	242	" Facility for	207
Changing staff	14	borrowing	
Chartered Company	271	" Facility for	203
Circulars, Possibilities of well done	14, 39	carrying on	
Class of customers must be studied	32	after death	
Clerks starting in business	1	" Facility for divi-	205
Club	247	ding among	
Collecting societies	259	family	
College education, Meaning of	54	" How can I form	220
Commerce of Britain	102	any business	
" and customers change	x.	into a Com-	
Commercial school, The new.. ..	50	pany?	
" supremacy	52	" How to adver-	189
Commission and brokerage	195	tise a prospec-	
Companies, German	230	tus	
" Increase of small	xiv.	" How to arrange	193
" Registered in 1904	222	the allotment	
" " 1905	223	" How to issue a	187
" Small	219	prospectus	

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INDEX.

Company Formation, How to prepare a prospectus	175	Confidence, Secure	55
" " How to read a prospectus ..	126	Constitution of Lloyds	142
" " How to record minutes ..	241	Consular service, Inefficiency of ..	99
" " How to "set" a prospectus ..	183	" " Meaning of	102
" " Industrial Assurance Companies ..	264	Conversion of business to Limited Company ..	65, 92, 199, 209
" " Industrial and Provident Societies ..	261	Convincing, Aim at	40
" " Introduction of fresh capital..	207	Corporation	247
" " Life Assurance Companies ..	265	Correspondence	14
" " No liability to Bankruptcy ..	202	Cost Book Mining Companies ..	271
" " Notes	230	Courteous, Ever be, with staff ..	14
" " One-man and Partnership Companies ..	209	Courting ruin	1
" " Statistical ..	221, 231	Cover system exposed	130
" " Underwriting and brokerage ..	195	Craze for cheapness	35
" " Your position if you limit your liability ..	209	Create curiosity	33
Company. Ancient and modern ..	248	Creditors' meeting	165
" Associations not for gain..	256	Culpable inefficiency of consular service ..	99
" Conditions necessary to register ..	255	Customers, Loss of	49
" Converting business into ..	65, 92, 199, 209	Dawn of a new era	x.
" Delinquencies	216	Dead charges reduced	50
" Distinction between Company and Corporation ..	247	Dealing in life policies	160
" Legislation since 1862 ..	252	Debentures as an investment ..	65, 135, 207, 215
" Notes	230	Deed of partnership	82
" Optional with or without limited liability ..	257	Defects, Recognise	55
" Registered Friendly Societies ..	258	Definition of partnership	79
" Registration when compulsory ..	255	Demand for money	xiii.
" Registration when impossible ..	256	Demonstrations of advantages of limited liability ..	224
" Registration when optional ..	257	Desire of that crudely novel ..	35
" Rise of Joint Stock enterprise ..	249	Detail and system and method ..	3
" Statistics	221	Difficulties, Financial, How to act ..	165
" Unregistered Friendly Societies ..	259	" " Involved in	57
" What Companies may or may not register ..	254	" " of investors	122
Competitors	13, 53, 99	Directors	126
Compulsory patent licences ..	110	" " Appointment new	242
Conditions necessary to enable Company to register..	255	" " Meetings, How to record ..	241
" " of registration ..	260	Diplomacy	33
Confidence	xii.	Disposing of a business	7
" City, returning	xii.	Dissolution easily effected where business is a Company..	203
		Distinction between Company and Corporation..	247
		Doctor, Business	168
		Documents to be filed by Company ..	237
		Dog-cart	5
		Don't be an "amateur"	4
		" " be discouraged	4
		" " constantly change staff ..	14
		" " sit and squeak	4
		Double-entry	58
		Doubtful debts, how to collect them..	167
		Drawbacks to success	49
		Duplicating	50
		Economist, The	53
		Education, Meaning of	54
		" " Youth without practical ..	2, 61
		Electros	43
		Embarking in business.. ..	xiii.
		Engraving	43
		Enormous growth of population ..	xii.
		Entente cordiale.. ..	x.

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THE BUSINESS BLUE BOOK.

Enterprise warranted	x.	How to act in financial difficulties ..	165
„ Joint-stock	172	„ advertise a prospectus ..	182
Enthusiasm	55	„ advertise for business ..	31
Equitable partnership	77	„ arrange the allotment ..	193
Established businesses	2	„ be successful	13, 17
Establishing a business	2	„ collect doubtful debts ..	167
Etching	46	„ “find the way through” ..	95
Every man should limit his liability ..	221	„ have a prospectus “set” ..	183
Exaggerated idea of value of a goodwill	7	„ illustrate business literature..	42
Example of conversion of business		„ increase business	11
into Company	204	„ insure	152
Experience	40	„ insure at Lloyds	145
Experience, The value of	94	„ invest spare capital 70, 120, 135	
Experts, Business	168	„ issue a prospectus	187
Facilities for carrying on business		„ keep proper books of account	57
after death	203	„ locate business information ..	51
Facility for borrowing	207	„ negotiate a partnership ..	66
„ „ dividing among family ..	205	„ obtain additional capital 64, 136	
Fashion in investments.. .. .	198	„ obtain a partner with capital	76
Finance, Business	57, 64	„ patent an invention	106
Financial difficulties. How to act ..	165	„ prepare a prospectus	175
„ position, Failure to know ..	57	„ purchase a business	5
Fire insurance	141, 152	„ read a prospectus	126
Fittings and fixtures	6	„ record minutes	241
Follow-up system	49	„ register a trade mark	116
Forefather success	xii.	„ select a partnership	70
Foreigners. Why they succeed 28, 52, 99		„ sell an invention	114
Foreign business	230	„ start in business	1
„ methods, Study	3	„ talk business	39
Foresight	40	„ train boys for business	61
Four-wheeled dog-cart	5	Hudson Bay Company.. .. .	248
Freaks, Business	22	Ideas, Encourage in staff	14
Freehold ground rent	135	Ignorance to be combated with ..	32
Fret and worry	12	Illustrations	33, 39, 42, 56
Friendly societies, Registered ..	258	Illustrations of advantage of limited	
„ „ Unregistered	259	liability	224
Fundamental step to success	55	Impressions, The effect of circulars	14, 42
Future commerce of Britain	102	Incompetent master makes incom-	
Future with sanguineness	xii.	petent servant	14
Germany and America occupying the		Increase business, How to	11, 50
stage	63, 103	„ „ Note down your	
German, Limited, partnerships ..	230	efforts	14
Gold output	xiii., 122	Indexing	50
„ mining reduced to science ..	xiii.	Indian mines	xiii.
Goodwill, Exaggerated idea of value of	7, 67	Industrial assurance company ..	264
Grit, necessary qualification	20	„ societies	261
Grounded in rudimentary principles..	2	Inexperienced starting business ..	1
Half-tone blocks.. .. .	43	Infant partner	81
Hands, Don't change your	14	Ingenuous youth	2
Harm, Doing business	13	Installation of card index	51
Hills become levels	3	Insurance.. .. .	89, 145, 152, 160, 163
Hints to investors	108	„ companies	264, 265
History of joint-stock enterprise ..	172	„ partnership	89
Honesty of description	40	Insure at Lloyds	145
House property	135	Introducing new articles	40
How British merchants can increase		Invention, How to patent an ..	106
trade	52	Investigate, Before buying business ..	2, 6
„ can I form my business into a		Investments, Fashion in	198
company	220	Investors and investment 22, 65, 68, 70, 73	
„ successfully to dispose of a		120, 124, 126, 130, 135	
business	7	„ Compulsory licences	110
		„ How to sell	114
		„ home industries	xiv.

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INDEX.

Investors' opportunity	xiv.	Mortgages	135
" Numerous openings	xiii., xiv.	Mountains become hills	3
" Warning	x., 124, 126, 130	Moving with the times	33
Issue, How to make a public	187		
Japan, Travellers in	xii.	Necessity for changes in business	7
Japanese Alliance	x.	Negotiating partnerships	66, 70
" business methods	27	New articles, Introducing	40
" companies	xii.	" businesses " crabbed "	13
Joint Stock enterprise	172	" Companies registered	251
Judgment, Correct	96	" customers	12
		" director, Appointment	242
Key results	33	" issues	xiii.
Know every detail of your business	14	" stock markets	xiv.
Knowledge, Always be improving	13, 62	Nobility and trade	54
" Value of	22	No expense too great, judiciously spent, on illustrations	43
Lack of business ability	13	Non-success, The reason	12
Lease	6	Not liable to bankruptcy	202
Legislation of Companies since 1862	252	Novice, Failure to discern faults	5
Let every shoemaker, etc.	2	Numerical system—indexing	50
Liability of partners	90		
Life Assurance Company	265	Obstacle, Let no, frighten	3
" insurance	152	Office appliances	50
" policies, Dealing in	160	Old businesses, Ruined	13
" Surrender values	163	One-man Companies	209
Limited liability 65, 92, 199, 200, 209, 219, 221, 260		Opinions on limited liability	210
" partnerships	75, 92, 209	Opportune time	33
Line blocks	43	Option to register with or without limited liability	257
" engraving	46	Originality	33
Literature, business, Scan all	3	Our mutual friend	66
" —circulars	14, 39, 42	Out-of-date business systems	50
Loans	65		
Locate information, How to	51	Partner as agent	85
Loss of customers	49	" How to obtain, with capital	76
Lloyds	140	" Points on partnership law 78, 80, 82, 85, 90	
" combination policy	150	Partners, Selecting	25
" fire policy	149	Partnership, Active	70
" policies	145	" agent, The	25, 66, 71, 94
" prompt settlements	144	" deeds	82
Lunacy in partnerships	81	" How to negotiate a	66
		" select a	70
Man of speculation	53	" insurance	89
Manufacturers, etc., literature	42	" Limited liability	75, 92
Markets in Far East	xii.	" responsibilities	90
Married woman in partnership	81	" Sleeping	73
Meeting of creditors	165	Patents, Compulsory licences	110
Men have changed	53	" How to sell	114
Merchant adventurers	248	" How to take out	106
Merchants, How to increase trade	52	" Perhapses " and " May-be's "	59
Merchants' weakness	55	" Personal " accounts	58
Method in business 21, 49, 52, 53, 55, 57		Perspicacity, Lack of	55
Methods open to increase business	15	Photo engraving	43
Mezzo-tints	47	" lithography	45
Mines, West African, Indian, South African, Australian, Canada, etc. xiii.		Photogravure	45
Mind, Affinity of	34	Pivot upon which business works	49
" Correct, open, refine	55	Plain as the nose on your face	52
Minister of Commerce	104	Plan, Business procedure	3
Minutes, How to record	241, 244	Point of least resistance	96
Modern Dick Whittington	219	Points investors are unable to grasp	124
Money, Demand for	xv.	" on partnership law 78, 80, 82, 85, 90	
" Safely to invest	120	Political position	xi.
		Population, Enormous growth	xii.

THE BUSINESS BLUE BOOK.

Position if you limit your liability ..	209	Selling a business, Better be straight-	
Prejudice must be removed ..	32	forward in ..	8
Prejudices, Business men's ..	50, 52, 53	" Candid explanations ..	8
Prima facie partnership ..	79	" pay.. ..	8
Printed representatives.. ..	39	" Concealing reasons ..	8
Private Companies	199, 209	" for	8
Procedure of first-class agents ..	9	" Owner's choice of ..	8
Procrastination must be prevented ..	32	" media	8
Professional promotions	220	" " Set," How to, a prospectus ..	183
Profit and loss accounts	7, 45, 63	Shares, Allotment of	193
Proper books	7, 57	Shop-keeping class	4
Proportions must attract	10	Short cuts to ambition	219
" Narrow margin	2	Shrewd practical intelligence ..	52
Prospectus, Authorising a	243	Siege, Capital to stand	2
" How to advertise a	189	Simplicity and security of Company..	214
" " issue a	187	Sleeping partnerships	73
" " prepare a	175	Small businesses, Sale and purchase of ..	6
" " read a	126	" Companies	218
" " "set"	183	" " Increase of	xiv.
Prosperity, How to attain	45	Smith, W. H., and Sons	33
Provident societies	211	Societies, Friendly	258, 252
Pruning existing methods	53	Society of to-day	54
Punctuality, Distinguished from punct-		Solomon, Aaron, case	214
" Effect on staff	14	Something about Al at Lloyd's ..	140
Railway rates	275	South African gold	xiii, 122
Rates at Lloyds	146	South Sea Bubble	174
Read, How to, a prospectus	126	Spare capital, Investors' opportunity ..	xiv.
Reasonable terms	7	Spasmodic advertising a failure ..	32
Recognised principle of book-keeping ..	57	" increase no value	12
Recording transactions	58	Specialising in business	25
Recreation	13	Specialists, Business	168
Reflection needed	59	Specialist, Value of	22, 221
Registered Companies	274	Speculation, Man of	53
Registering a trade mark	116	Staff, Don't continually change ..	14
Registration, Company, when com-		Be firm but courteous with ..	
" " pulsory	255	Check overzealousness	
" " when im-		Don't be too exacting	
" " possible.. ..	256	Encourage ideas	
" " when op-		Engage earnest men	
" " tional	257	Let them feel you trust them ..	
" " Friendly Societies' ..	258	Let them think well of you ..	
" " of small Companies ..	xiv.	Let them not forget you're master ..	
Reports, Scan all	3	Take notice of efforts of least ..	
Representative circular.. ..	14, 39	importance	
Reserve force	33	Value initiative	
Resources of large houses	2	Starting in business	xiv.
Review and forecast	9.	Statements, Get, in writing	6
Rhodesia gold output	xiii.	Statistics, Company	221, 231
Rise of the Empire	102	Stick to your business	4
" Joint Stock enterprise.. ..	249	Stipple engraving	47
Ruined business, Cause of	13	Stockbrokers	xiv., xv., 19, 122
Rules to arrive at value of business ..	10	Stock Exchange, Loss of business ..	xiv.
Safely to invest money	120	" Examine	6
Scepticism not to be created	32	Stocks and shares	120, 124
Science, The business man of.. ..	54	Study local habits and customs ..	40
Scientific business methods	50	Style	33
Seal, Adoption of	242	Succeed in business	4
Secretary, Appointment of	242	Success in life and business	95
Self-advertisement, Age of	52	" of forefathers	xii.
Selling a business	7	" Reasons for non-	12, 49
		Successful, How to be	17
		Supervision of detail	33
		Surrender Values	163
		Syndicate	247

INDEX.

Systemizer, The	51	Value of business	10
Systems, Business	49, 57	„ „ experience	94
„ Time when the lack of, is		„ „ goodwill	7
regretted	7	Vendor of business must bear in mind	10
Tact	33, 40	Warn every man	2
Talking school	41	Weasel pursuing rabbit	4
Terms, Reasonable	7	West African mines	xiii,
Theorist, The	54	What Companies may or may not	
There is a tide, etc.	96	register	254
Thought, Follow trend of	34	„ is a partner?	78
„ Rapidity of	23	Who are Lloyds?	142
Thoughtfulness	33	Wood engraving	46
Times have changed	53	Worry reduced by system	50
Titled directors	126	Wreck and ruin without system	49
Trade mark, How to register	116	Wrecker, Accountant	165
Union	247	Write down your plans	14
Underwriting and brokerage	195	Why foreigners succeed in business	27
Unlimited Companies	215, 257	„ the public know so little of	
Unregistered Friendly Societies	259	Lloyds	143
„ Societies	259	Your position if you limit your liability	209

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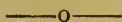
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There are already about 21,000 investors resident abroad who are shareholders in English Companies, but this number can be very materially increased. From our own experience we feel sure that Promoters will feel agreeably surprised at the results obtained on a proper test being given. British investments are in favour abroad, and it only requires proper organisation to extend this.

THOSE PREPARED TO ENTERTAIN UNDERWRITING

Are invited to communicate with us, and this also applies to those who are desirous of arranging the underwriting of any issue. Every effort will be made by us to insure that nothing is put before prospective underwriters but contemplated issues which we believe to stand a good prospect of meeting with public support, and we shall be pleased to express an opinion to those who seek it, on the prospects of any underwriting which may be offered or contemplated.

ON PROSPECTUS PREPARING.

Utilise our services in arranging for the printing of a Prospectus, and insuring that all contingencies are so provided for that an issue shall run smoothly. They cannot fail to be of advantage to you.

ON PROSPECTUS ADVERTISING.

Promoters and others engaged in the formation of Companies will find, on trial, that our services can be of great advantage to them, and save them much time and trouble. We shall be pleased to place our services at the disposal of those so engaged, on reasonable terms, and to draft Prospectuses or arrange other details in connection with a contemplated issue. It is our business to make ourselves familiar with every phase of the preliminary work, and our experience cannot fail to be of advantage.

ON PROSPECTUS PRINTING.

In the many details connected with Prospectus issuing, the importance of care and experience is manifest. Care must be exercised in the selection of the various firms that undertake addressing, inserting, posting, etc. Even if we should prove unable in some cases to obtain specially favorable terms, our suggestions will still be found useful.

ON PROSPECTUS ISSUING.

Those contemplating Prospectus or other advertising, are invited to telephone or call on us. In this department, as in every other, experience is of advantage, and the most reliable contractors and agents are known to us. Even if in some cases we should not be able to negotiate specially favorable terms, our suggestions will probably prove of practicable advantage.

TO THOSE ABOUT TO MAKE A PUBLIC ISSUE OF A COMPANY.

Finally, we ask every reader who is contemplating the issue of a Company to the public to send us a post-card or telephone us so that he can have a chat with our Managing Director. He will afterwards be better able to determine that we can be of material assistance to him in every stage of his proceedings.

STARTING IN BUSINESS.

We shall be pleased to receive a visit from those about to start in business, and to discuss with them their plans. We feel sure that the experience of our principals will be helpful, and that useful suggestions will result, which may save considerable time, expense, and loss to clients.

PURCHASING A BUSINESS.

In this department we can offer those intending to purchase a business considerable assistance, and we are prepared, where desired, to have investigations made into accounts, and make enquiries, besides which we may assist prospective purchasers in arriving at an equitable value, and prevent them from embarking in undesirable concerns.

SELLING A BUSINESS.

As agents, we undertake the sale of businesses of every description and we keep a register of prospective purchasers. If the business is offered at a reasonable price, and the vendor is prepared to act on the suggestions which our experience may recommend, we assure him that there is every reasonable prospect of a sale being effected through our agency.

BUSINESS INCREASING AND BUILDING.

Those contemplating the extension of their operations or desirous of re-organising their methods of procedure to meet with the times, are invited to consult us in respect thereto.

ADVERTISING.

Much money is wasted yearly on ineffective and injurious advertising, and whether it be in the form of press advertisements, pamphlets, letters, or other literature, we are prepared to render assistance to our clients.

BUSINESS SYSTEMS.

We undertake the initiation of systems of recording and filing, and the re-organisation of existing systems. Placing them on the most economical basis, consistent with effectiveness.

INVENTIONS, TRADE MARKS, AND COPYRIGHTS.

We are able to aid those who are about to patent inventions by giving them commercial suggestions, points and considerations, which our experience with inventors shows us to be frequently over-looked; and we also recommend suitable Patent Specialists. Also we undertake, as agents, the sale and marketing of suitable inventions of commercial utility, the drawing of particulars, etc. In this department are also undertaken the registration of trade marks, and the copyrighting of literature, booklets, designs, etc.

INVESTORS, AND THOSE WITH SPARE CAPITAL.

Enquiries, made into the position, status, and prospects of any company, and as to the desirability of becoming interested or retaining any interest therein, either as a Director or Investor.

Meetings of Shareholders attended, and results reported. Meetings of Shareholders called, and combinations of Shareholders arranged for the purpose of obtaining reforms, protections, representation, or giving effective opposition, on behalf of dissatisfied Shareholders.

Names and addresses of Shareholders, Directors, etc., obtained. Requisitions drawn and signatures obtained.

We act as agents for the sale and purchase of Shares and Debentures in sound dividend paying Companies.

Whilst we do not advocate speculative investments in Shares dealt in on the Stock Exchange, nevertheless we undertake to purchase, on behalf of clients, such Stock and Shares against cash, and also the sale thereof against transfers, accompanied by certificates. All transactions of this nature are conducted through the medium of members of the Stock Exchange. No commission or charge will be made by us to clients on these transactions, but the usual brokerage and charges of the members of the Stock Exchange are payable by clients, as we only act in the capacity of agents.

We have always many openings for the investment of spare capital, and we shall be pleased to hear from those who are desirous of finding suitable investments. We also place the benefit of our experience in these matters at the disposal of those contemplating an investment in any form in any enterprise, and in doing so we assure clients we will do our best to safeguard their interests in the way we consider best.

AMALGAMATION AND CO-OPERATION.

Co-operation is the secret of success, and in these days of trade combines, trusts and monopolies, the go-ahead business man can-

not afford to remain isolated. Countless opportunities for expansion abroad and mutual co-operation with foreign firms are continually occurring, and we shall be glad to hear from those who are desirous of working on these lines, and who desire introductions. Schemes can be quickly formulated and there are always numerous opportunities at hand for traders to enter into business arrangements which will serve to strengthen their position and increase their business.

COMMERCIAL ENQUIRIES.

We are at all times pleased to undertake every class of enquiry business, and are also prepared to ascertain names of manufacturers, merchants, and agents, and to arrange for the selection and dispatch of consignments, collection of accounts, appointment of representatives, and any other business which is of that nature which it is practicable for a house of business agents to undertake.

STAMPING AND FILING.

We undertake to duly file or have documents adjudicated and stamped, also to make searches, and obtain copies of wills, births, marriages, and death certificates, and general agency business.

CATALOGUES AND BUSINESS LITERATURE.

Some time ago we had occasion to correspond on business matters with British and other Consuls all over the world. Of the many hundreds of letters we received from every part of the globe a large number drew attention to the lack of enterprise shewn by British firms in their methods of attracting business, particularly in regard to the drawing up of catalogues.

They made no attempt to attract by the illustrations or the letterpress, and those that did make this attempt were not successful, owing to their utter disregard for the customs of the country they were dealing with; in the majority of cases they quoted their goods in English measurements, English weights, and English money. We are convinced that an enormous amount of trade is lost to English traders through their apathy in this respect.

We have inaugurated a department wherein we undertake the writing, editing, and compilation of catalogues and attractive business literature suitable to the class of business in which we may be consulted. We also undertake the designing of special illustrations and the supervision of the setting, display, and printing of such matters, and newspaper or other advertisements suitable for

each particular country it may be desired to trade with, and, their translation where necessary, into the language of the respective country. We are ready to advise on matters in this connection, and to give a quotation on application.

In addition, considerable saving can be effected in the purchase of paper, production of process and other blocks, through our agency.

ACCOUNTANCY—BOOK-KEEPING.

We undertake every class of accountancy business including the following :—

Trading, and profit and loss accounts and balance sheets prepared. Adaptable system of accounts formulated, and books opened to meet the requirements of every class of business. Accounts written up periodically by contract. Books accurately kept. Businesses investigated and reported on. Financial difficulties adjusted, winding up of companies, liquidations, receiverships and trusteeships and arbitrations undertaken. Advice and information on accountancy and financial businesses of every description.

INSURANCE.

We undertake Insurance business of every description including Life, Fire, Employers' Liability, Burglary, Partnership, etc., etc. We also undertake the sale of existing life policies.

We draw the special attention of our clients to those insurances which may be effected through Lloyds.

The public have been at a great disadvantage in not having, so far as we know, any lucid information available on that branch of business conducted at Lloyds in which they are so much interested, and we confidently anticipate that the information given will lead a large number of Policy Holders to appreciate their position in regard to insurance. If your present policy is shortly expiring or your renewal premium is shortly to be due, send us at once particulars and we will get you a quotation.

If your policy has still some time to run and you do not wish to incur the expense of immediately effecting a fair and equitable insurance, still drop us a line giving us particulars, we will get you a quotation now, and we will send you a reminder a few days before the date your renewal premium may become due. REMEMBER it does not matter what class of insurance you desire, we will endeavour to effect it for you through Lloyds at a cheaper rate than you are now paying, and Lloyds policies are free from pitfalls—are simple, fair, and honest. If you hold a Lloyds policy you should not worry.

FIRST AND SECOND MORTGAGES.

Solicitors, Estate Agents, Investors, and others will, we think, readily admit that there is a large and profitable business to be done in second charge and other mortgages which are, perhaps, not so well secured, or which have not the customary amount of margin between the amount required and the valuation of the security offered. We are desirous of bringing together, on the one hand, those who are desirous of acquiring money on mortgage, and, on the other, those having funds available for advance. There are many who are prepared, if adequate interest be given, to advance on a much smaller margin than it would be possible for a lawyer to recommend to a client who requires "absolutely safe business," *i.e.*, business with the one-third margin.

We aim at becoming a recognised medium for mortgages and advances of all kinds which are of an ordinary legitimate nature.

Through our instrumentality solicitors will, no doubt, come into touch with those who have spare cash for this purpose, and they will thus secure a much larger field for operation than if they confined announcements of this character to the journals connected with their profession, or than if they limited their inquiries to their connections with others in their own vocation, for they will not only be brought into touch with the lawyers, but with the layman direct.

In these days of keen competition to all branches of trade and profession alike, methods which met the requirements of a more easy-going age are out of date. Of late years the circulation of numerous popular hand-books on law has created a factor the importance of which cannot be ignored. The mind of the layman has been enlightened by the study of such literature, and acquaintance with its less abstruse features has enabled him, to a certain extent, to conduct his affairs with his lawyer in a way that places him in a position of a critic, who is able to decide whether his interests are being well served or otherwise.

It is important and necessary, therefore, that the lawyer who intends to keep or obtain a large clientèle

should move out of the old conservative groove and make himself thoroughly acquainted with all commercial matters.

It is hoped that solicitors will do their best to assist us in making our department under "Mortgages" an important and valuable aid to our business, and we shall be pleased to receive—indeed we ask for—suggestions which will lead to the extension and sphere of usefulness of a firm that has tapped a financial vein the existence of which has, hitherto, been unexploited.

CURTIS, GARDNER & Co., LTD.,

CURTIS HOUSE,

65a, CANNON STREET, LONDON, E.C.

Tel. : 5725 Bank.

Telegrams : "Clientship, London."

Curtis, Gardner & Company,

Ltd.,

THE BUSINESS EXPERTS.

Departments.

Partnership Negotiation.

Business Transfers.

Accountancy and Bookkeeping.

Company Registration.

Company Formation and Issuing.

Patents, Trade Marks, and Copyrights.

Business Building.

Advertising, Catalogues, Business Literature,
Translations, Designing, Illustration, Systems,
Reorganisation, etc.

Insurance.

Investment and Investors' Enquiry.

Mortgages and Reversions.

General Business Agency.

Commercial Enquiry.

BUSINESS EXPERTS,

Curtis House, 65a, Cannon St.,

(Corner of Queen St. and Cannon St.)

Telephone 5725 Bank.

Telegraphic Address—Clientship, London.

Curtis Gardner & Company,

LIMITED,

Company Formation and Registration, . . .

Partnership and General Financial Agents,

**CURTIS HOUSE,
CANNON STREET, LONDON, E.C.**
(Corner Queen Street and Cannon Street).

**Businesses converted into PRIVATE or PUBLIC Companies.
SCHEMES FORMULATED.**

All details in connection with the Formation, Registration, and Issue
of Companies undertaken from the commencement.

Directors' Secretaries and others introduced.

London Offices and Board Rooms provided.

**Prospectuses and other documents prepared, printed,
issued, and advertised.**

INVESTMENTS ARRANGED.

**Reversion, Mortgage, Insurance, Financial and General
Business Agents.**

Capital introduced on Commission.

Businesses Sold and Investigated.

**Arrangements made for Valuations, Accountancy,
Meetings of Creditors, Compositions and Adjustment
of Financial Difficulties.**

Receiverships and Trusteeships undertaken.

Arbitrations and Liquidations.

CORRESPONDENCE AND INTERVIEWS FREE.

Curtis Gardner & Company, Limited,
GENERAL BUSINESS EXPERTS,

Curtis House, Cannon Street, London, E.C.
(Corner of Queen Street and Cannon Street.)

Telephone—5725 Bank.

Telegrams—"Clientship, London."

Introduction of

New Business.



We are prepared to liberally remunerate agents and others in a position to introduce us new business, but the nature of our business and the detail involved necessitates our stipulating that we shall be under no obligations except those made in writing and signed by the Company.

CURTIS, GARDNER & COMPANY,

LTD.,

65a, Cannon Street, E.C.

IMPORTANT.

To . . .
Directors,
Secretaries,
Financiers & others.

The majority of Propositions, Concessions, Properties, Businesses, and other undertakings reach CURTIS, GARDNER and Co., and therefore those interested are invited to communicate particulars of their requirements, or to list with us particulars of any propositions required to be dealt with.

Telegrams:—"FREE PRESS, BURY ST. EDMUNDS." (PUBLISHED EVERY FRIDAY.)

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61, ABBEYGATE STREET, BURY ST. EDMUNDS.

Circulation guaranteed to be three times larger than any other Journal published within a radius of 25 miles.



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LONDON AND
NORWICH**

**READ BY
THOUSANDS
THROUGHOUT
THE EASTERN
COUNTIES.**

**ESTABLISHED
HALF A
CENTURY.**



Dear Sir,

May we draw your attention briefly to the salient features of the "BURY ST. EDMUND'S FREE PRESS"—acknowledged to be the best and most profitable advertising medium published between London and Norwich.

During 1905 our advertising business increased by no less than 60 per cent., due to a much larger appreciation of this journal by advertisers all over the Kingdom, to whom we tender our best thanks. This splendid increase in advertisements rendered a permanent enlargement of 16 columns absolutely essential.

No other weekly journal in the Eastern Counties can show such marked progress and rapid development during the last few years.

Our list of advertisers is continually growing. We are receiving repeat orders every week from old clients, and you cannot advertise very long in the "Bury Free Press" without finding that it is the best medium for "pulling" business.

The large circulation of the "BURY FREE PRESS" ensures the widest possible publicity for all business announcements, and excellent paying results follow as a matter of course from any advertisement appearing in our paper, which is read by 30,000 people.

Yours faithfully,

A. RIGSBY,

Business Manager.

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